



15th of May 2013

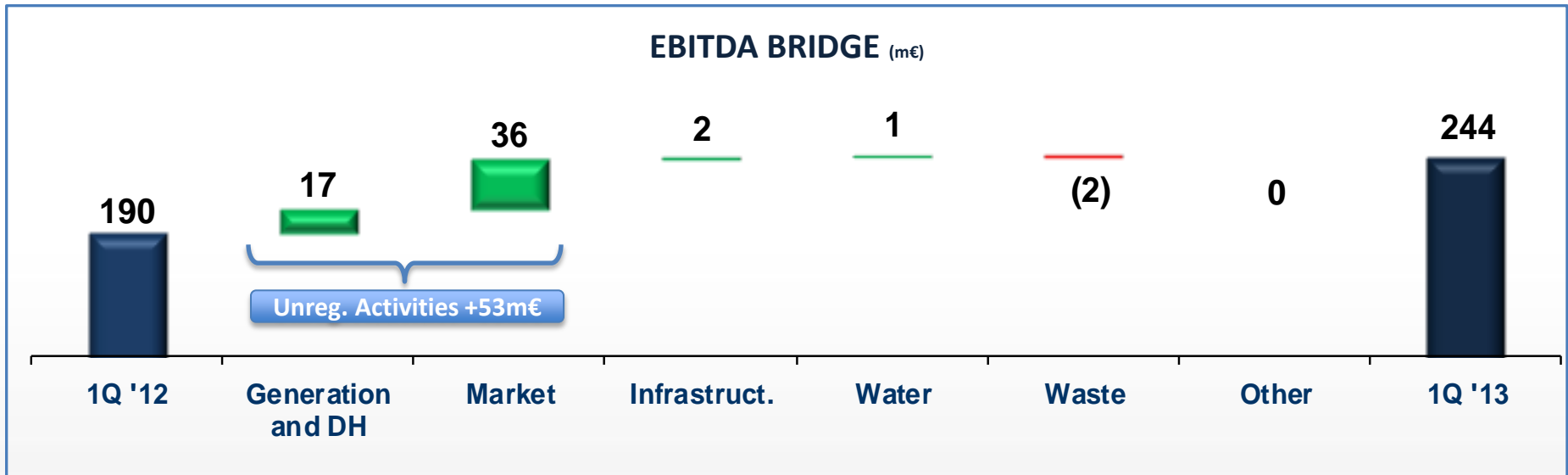
# 2013 – 1Q Results

# 1Q 2013 – Strong improvement both in economic and financial performances.

<i>EURm</i>	1Q '12	1Q '13	Δ	Δ %
REVENUES	1,317	1,121	-196.7	-14.9%
EBITDA	190	244	+53.2	+27.9%
<i>EBITDA (margin)</i>	14.5%	21.7%		
EBIT	125	173	+48.6	+38.9%
NET PROFIT	55	81	+26.1	+47.4%
GROSS CAPEX	72	46	-26.3	-36.4%
NFP	2,555*	2,504	-51.0	-2.0%

- **Revenues down by 14.9%:** Besides the reduction in commodity prices, the decrease in revenues is the effect of the new commercial policy of the Gruppo IREN consisting in focusing on “SoHo/Retail Clients” and reducing its presence in “Business Clients” sector.
- **EBITDA +27.9%:** The significant increase in EBITDA was driven mainly by an excellent performance in unregulated activities, in spite of a gloomy macroeconomic scenario.
- **EBIT +38.9%:** The positive results in EBITDA are reflected and amplified in EBIT.
- **Net profit +47.4%:** Top line results and lower tax rate positively affected the Net profit.
- **Gross Investments down by 36.4%:** The reported decrease is in line with the planned cut in capex, and it underlines the approach of the end of IREN’s strategic investment cycle.
- **NFP -2.0%:** The fourth quarter in a row reporting a significant decrease in NFP confirms the efforts of the Group in keeping working capital and debt under control.

# EBITDA BRIDGE - Increase in EBITDA driven by free-market sectors.



## EBITDA bridge - Key Elements:

- Positive performance in unregulated activities thanks mainly to the combined effect of higher electricity and heat volumes produced and the optimization of gas procurement activity which also triggered for higher spark spread.
- Slight growth in Networks, which benefit from a balance for previous years.
- Slight increase in Water sector due mainly to tariffs' increase.
- The Waste sector's margins are negatively impacted by the shutdown of the WTE in Reggio (may 2012).

# GENERATION AND DH – Higher volumes and spark-spread drove the growth in the sector.

## 1Q '13 vs. 1Q '12

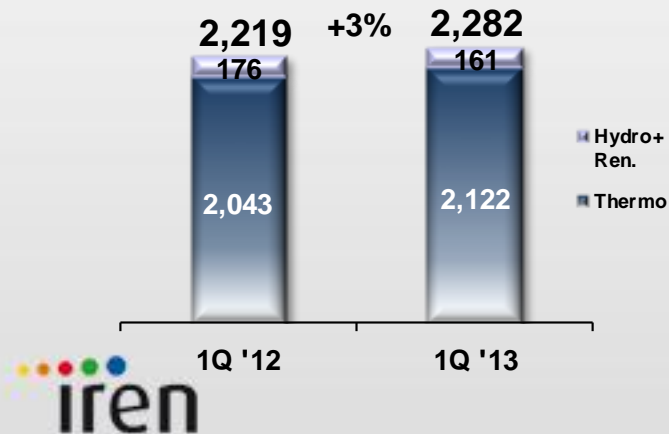
↑ **Strong improvements in Cogen**, thanks mainly to higher spark-spread, deriving from a sound management of the gas procurement policy. Noticeably the thermoelectric production rose by 4%, bucking the trend of national figures (-14%).

↑ **Brilliant results in DH** thanks both to growth in volumes, (driven by higher volumes heated and a favorable winter season) and an increase in spark-spread.

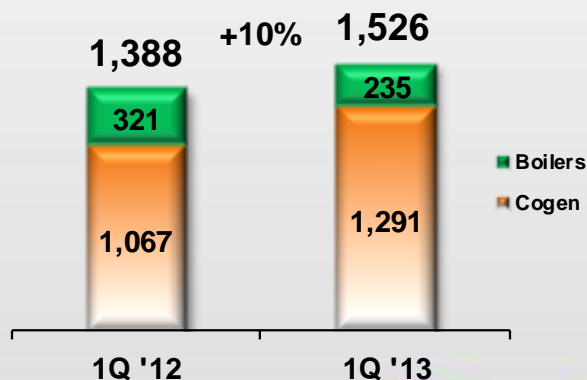
↓ **Slight decrease in Hydro**, linked mainly to lower volumes produced, after the intensive basins' exploitation in the 4Q 2012. The energy stored in basins at the end of April 2013 is in line with the same period of 2012.

	1Q '12	1Q '13	Δ€m	Δ%
<b>Revenues</b>	341	328	(13)	-4%
<b>EBITDA</b>	72	89	17	23%
<b>EBIT</b>	50	65	15	31%
<b>Gross CAPEX</b>	10	5	(5)	-52%

ELECTRICITY PRODUCTION (GWh)



HEAT PRODUCTION (GWht)



# MARKET - Very good performance in gas sector, confirming the soundness of the Group's commercial policy.

## 1Q '13 vs. 1Q '12

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

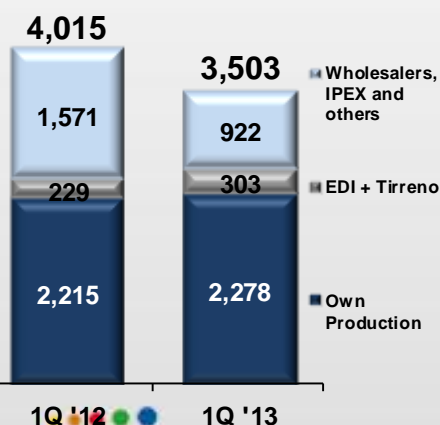
**Electricity sales:** The negative impact of the Edipower tolling agreement was more than neutralized by the partial release (10m€) of the "onerous contract fund" created in 2012 (IAS 37 compliant).

**Market expansion:** steady increase (+4%) in the electricity client-base.

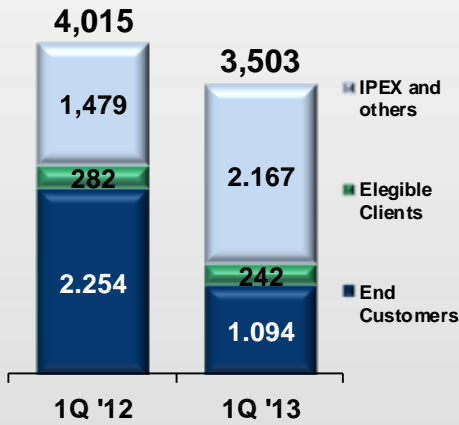
	1Q '12	1Q '13	Δ€m	Δ%
<b>Revenues</b>	<b>1,373</b>	<b>1,105</b>	<b>(268)</b>	<b>-20%</b>
<b>EBITDA</b>	<b>31</b>	<b>67</b>	<b>36</b>	<b>114%</b>
<i>Electricity</i>	-8	6	14	n.a.
<i>Gas &amp; Heat</i>	39	61	22	56%
<b>EBIT</b>	<b>25</b>	<b>57</b>	<b>32</b>	<b>123%</b>
<b>Gross CAPEX</b>	<b>2</b>	<b>2</b>	<b>-1</b>	<b>-22%</b>

## ELECTRICITY PORTFOLIO (GWh)

### Sources\*

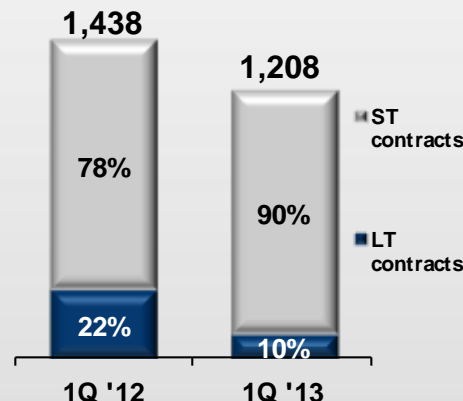


### Uses\*

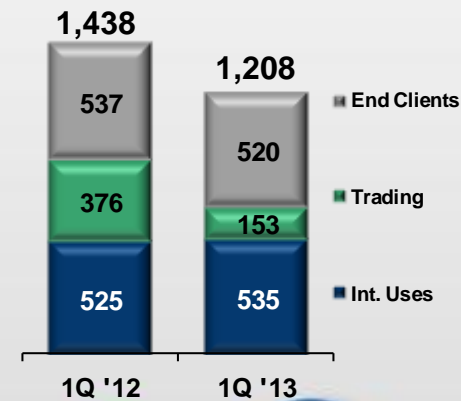


## GAS PORTFOLIO (MCM)

### Sources



### Uses



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\*net of "pass-through IpeX volumes"

# ENERGY INFR. – Positive results in a stable scenario.

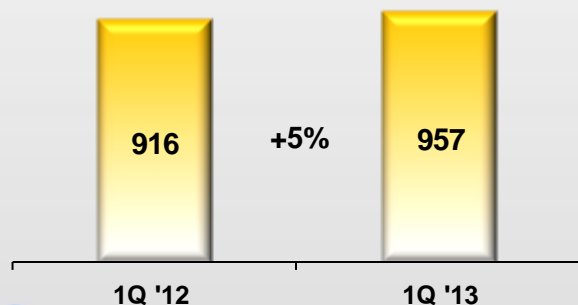
## 1Q '13 vs. 1Q '12

↑ **Electricity networks:** The results are positively impacted by a non-recurrent item linked to previous years (2007-2012)

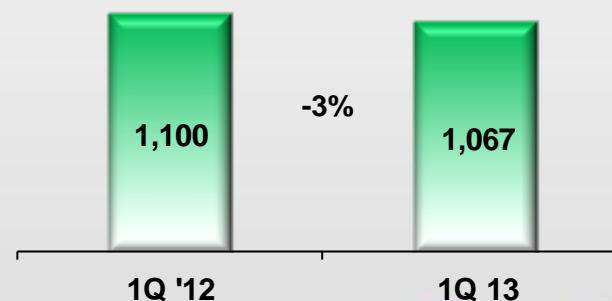
↔ **Gas networks:** Stable results in gas networks deriving from compensations of a number of slight positive and negative items.

	1Q '12	1Q '13	Δ€m	Δ%
<b>Revenues</b>	88	89	1	1%
<b>EBITDA</b>	43	45	2	4%
<i>Electricity</i>	18	20	2	12%
<i>Gas</i>	25	25	0	1%
<b>EBIT</b>	31	33	2	7%
<b>Gross CAPEX</b>	22	17	-5	-23%

**GAS DISTRIBUTED (MCM)**



**ELECTRICITY DISTRIBUTED (GWh)**



# WATER – Good results in a clearer regulatory framework.

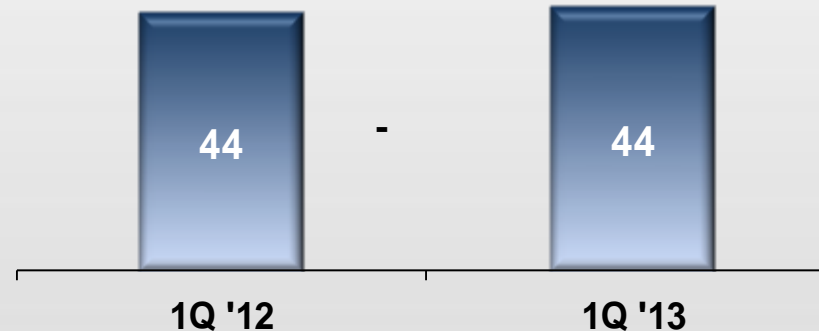
## 1Q '13 vs. 1Q '12

↓ **Slight decrease in Revenues:** Tariff increase in all the ATOs partially offset the negative effect of IFRIC 12 (-8m€).

↑ **Growth in EBITDA** thanks to tariff increase and synergies, which more than offset higher electricity costs for pumping.





	1Q '12	1Q '13	Δ€m	Δ%
<b>Revenues</b>	107	101	(6)	-5%
<b>EBITDA</b>	31	32	1	4%
<b>EBIT</b>	14	14	0	-1%
<b>Gross CAPEX</b>	18	10	-8	-44%

## WATER SOLD (MCM)



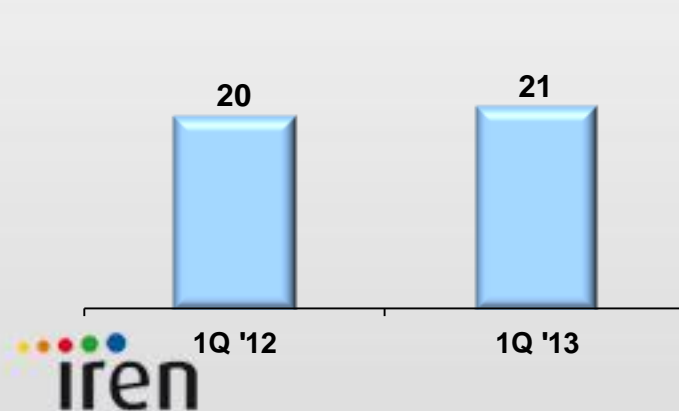
# WASTE: The shutdown of the WTE in Reggio Emilia negatively affected sector's performances.

1Q '13 vs. 1Q '12

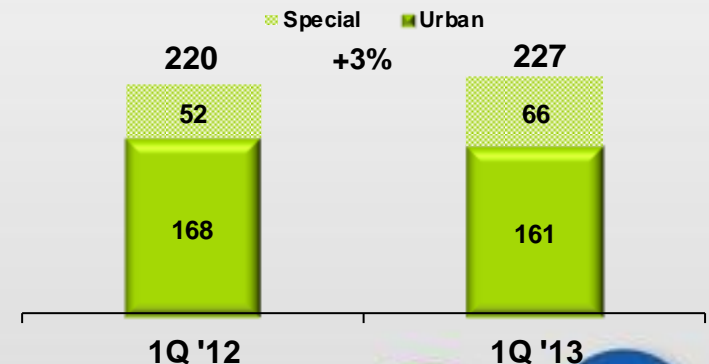
-  **Slight decrease in revenues:** the change in consolidation perimeter (deconsolidation of Undis Servizi) and the shut-down of the WTE in Reggio Emilia are the main causes of the slight decrease in revenues.
-  **Decrease in EBITDA** is mainly attributable to higher costs of disposal due to the dismantle of WTE in Reggio Emilia.
-  Sorted waste percentage very close to 60%.
-  + 27% in special waste collection.

	1Q '12	1Q '13	Δ€m	Δ%
<b>Revenues</b>	55	53	(2)	-4%
<b>EBITDA</b>	12	10	(2)	-13%
<b>EBIT</b>	5	6	1	17%
<b>Gross CAPEX</b>	14	11	-4	-27%

Energy from Waste (Gwh)



Waste (Kton)



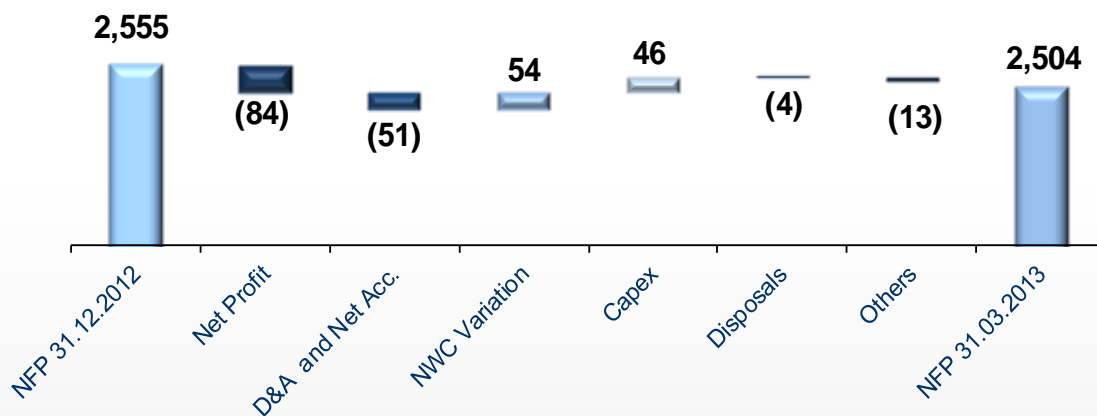


# From EBIT to Net Profit.

	1Q '12	1Q '13	Δ%
<b>EBIT</b>	124.7	173.3	+38.9%
<i>Financial charges</i>	(24.6)	(25.4)	• Stable financial charges.
<i>Companies consolidated with E.M.</i>	4.8	0.4	
<i>Adj. in participations</i>	-	-	
<b>EBT</b>	104.9	148.3	+41.4%
Taxes	(49.7)	(64.3)	1Q 2013 tax rate in line with FY 2012.
Profit from discontinued oper.	1.2	-	
Minorities	(1.4)	(2.9)	
<b>Group net profit</b>	55.0	81.1	+47.4%

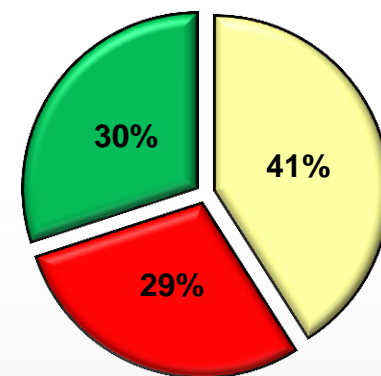
# CASH-FLOW & DEBT STRUCTURE.

## NFP Bridge 31.03.2013

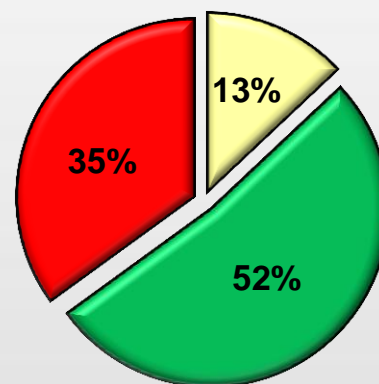


- The steady reduction in NFP, already reported in the last 3 quarters is the combined effect of better operating results, a wise NWC management and to the cut in capex, in line with budget.
- Average long-term debt duration of about 4.4 years.
- 29% of net debt at variable interest rate.
- The average cost of debt in the 1Q 2013 stood at 3.99%, reporting a slight decrease compared to the same period of 2012 (4,05%).

## Interest rate\* and Debt Structure\*\*



■ Fixed ■ Variable ■ Swap



■ < 12 months ■ 1-5 years ■ > 5 years



# Annexes



# Market Scenario.

- **In the 1Q 2013 Brent average price** stood at 112.6 \$/bbl, scoring a 5% decrease vs. 1Q 2012.

- **USD/€ exchange rate** was substantially stable.

- **Gas demand fell by 5%**, mainly because of the drop in thermoelectric usage (approx -18%).

- **Energy demand negative trend continues, with a 4% decrease.** (far lower compared to the pre-crisis level -7.4%).

- **The 2012 average pool-price** stood at 63.8 €/MWh with fall in the region of 20% (due to the hard winter season reported in 2012).

	1Q '12	1Q '13	Δ %
Brent USD / bbl	118.6	112.6	-5%
USD / €	1.31	1.32	1%
Brent € / bbl	90.5	85.2	-6%

Gas Demand (bcm)	27.4	26.0	-5%
PSV €/000 scm	337	283	-16%
CCI, €/000 mc	385	413	7%

Energy demand (Twh)	83.7	80.4	-4%
PUN (€ /MWh)	81.2	63.8	-21%
CO2 (€ /Ton.)	7.2	4.7	-36%
Green Cert. Hydro (€ /MWh)	81.1	80.2	-1%



# Balance Sheet.

€ m	31.12.2012	31.03.2013
Net fixed assets	4,735	4,430
Net Working Capital	235	289
Funds	(457)	(454)
Other assets and liabilities	(4)	286
<b>Net invested Capital</b>	<b>4,509</b>	<b>4,551</b>
<b>Net Financial Position</b>	<b>2,555</b>	<b>2,504</b>
<b>Group shareholders' equity</b>	<b>1,954</b>	<b>2,047</b>
<b>Total Funds</b>	<b>4,509</b>	<b>4,551</b>



# DISCLAIMER

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