BNP Utilities European days

6th September 2022

Key Highlights

EBITDA +9% yoy
EBIT +13% yoy
Gross Investments 2.2x yoy

Sound organic growth driven by industrial performance, energy efficiency activity and the development of renewable pipeline

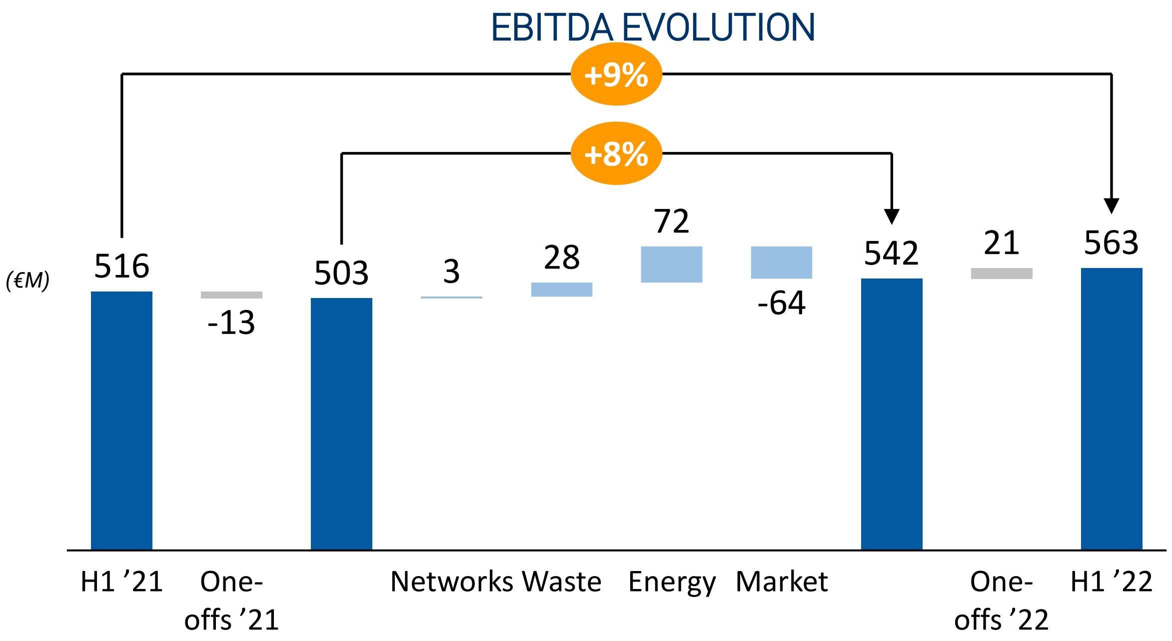
Resilience of the integrated energy value chain and Capacity Market margins stabilization able to offset exceptional drought and Government measures

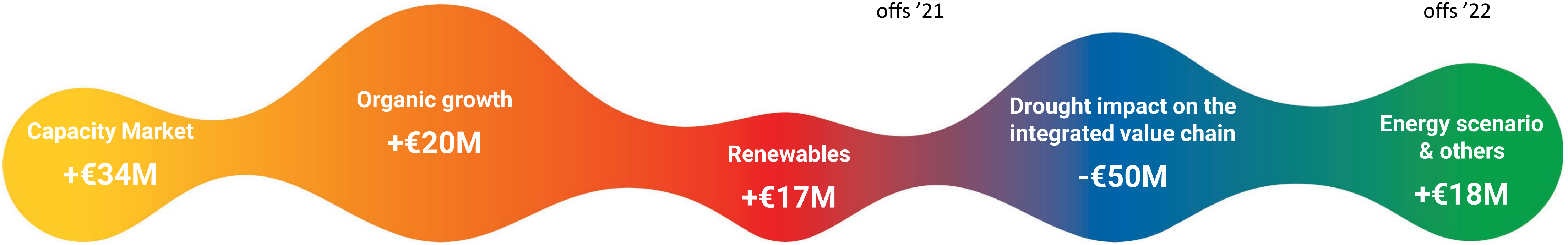
Continuous WC discipline, with Net Debt increasing due to dividends and M&A

FY 2022 Guidance confirmed

Growth path confirmed, supported by organic growth and RES investments

(€M)	H1 '21	**H1 '22**	Δ	Δ%
Revenues	2,004	**3,712**	1,708	85.2%
EBITDA	516	**563**	47	9.0%
EBIT	250	**283**	33	13.1%
Group net profit	193	**133**	-60	-31.0%
Group net profit adj.*	152	**164**	11	7.6%
Gross investments	338	**739**	401	2.2x
Net Financial Position	2,906**	**3,398**	492	17.0%

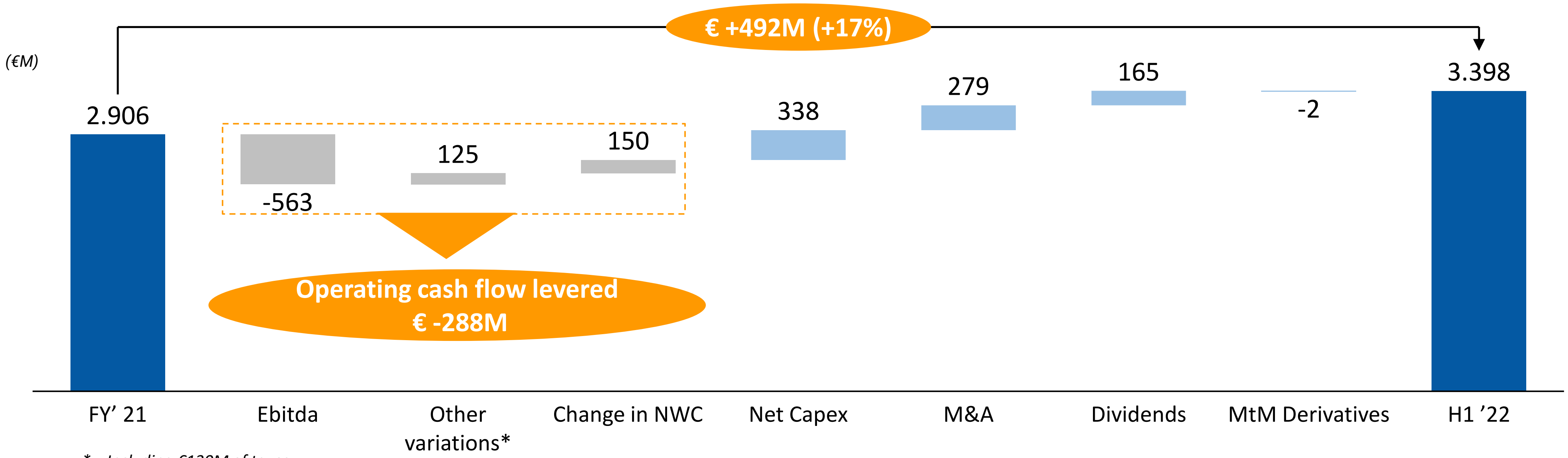




- *H1 ‘21 affected by €32M of non-recurring tax income on the realignment of accounting and tax values and by €12M of pre-tax positive one-off effect linked to Unieco debt optimization; H1 ’22 impacted by “Contributo di solidarietà” Decree (i.e. Windfall tax) for estimated €31M following the new guidelines issued by the Italian Fiscal Authority in June 2022*

*** FY 2021*

Net Financial Position Evolution (H1 2022 vs FY2021)



* *Including €130M of taxes*

- ✓ Continuous effective and disciplined Net Working Capital and Net Debt management, despite disruptive scenario, year-over-year doubling of revenues and seasonality
- ✓ Impact of bill instalment payments measure of €80M in H1 2022
- ✓ Higher prices of gas storage affecting NWC performance by €80M; impact expected to increase in Q3 and to be fully re-absorbed between Q4 2022 and Q1 2023
- ✓ Funding for the year already fully secured

Gas procurement strategy status update

- ✓ Overall gas storage increased vs. last year
- ✓ Bilateral contracts with large players, with Iren not responsible for procurement activities
- ✓ No direct Russian gas import
- ✓ Flexibility in delivery management combining bilateral contracts at Citygate (REMI) with higher portion of delivery at HUB (shipping mode)

- Almost 60% of Iren annual needs (~2.6Bcm) already secured, of which 100% for final clients
- The remaining portion will be secured in the next weeks or opportunistically negotiated based on actual market needs (thermoelectric)

Closing Remarks

Once again, the positive results confirm the low risk profile of our well-diversified portfolio of activities

Renewables execution plan is on track with 220 MW in operation or under construction in line with FY target (250 MW)

Financial discipline sustained by a sound cash flow generation and an efficient working capital management

We're also confident to effectively tackle the even more challenging scenario expected in H2 2022 leveraging on:

- High visibility on growth associated with regulated and semi-regulated activities
- Strong energy procurement expertise
- Effective commercial policy

FY 2022 guidance confirmed

- EBITDA +6% vs 2021
- Gross investments ~€1.5B*
- NFP/EBITDA ~3.4x

**Includes €250M of capex contributions/incentives*

ANNEXES

Iren at a glance

>7million

INHABITANTS IN IREN'S 3 LEGACY REGIONS

CUSTOMERS:

~2.0M in the energy sector

~2.7M inhabitants served in the water service

~3M inhabitants served in the waste sector

~0.6M inhabitants served in district heating

REGULATED ACTIVITIES
(46% of Ebitda)

Energy Infrastructure
- RAB Electricity distribution: 480m€
- RAB Gas distribution: 723m€
- *2.75% electricity network leaks (vs. national avg. 6.4%)*

Water Service
- RAB water cycle management: 1,199m€
- *32.6% water network leaks (vs. national avg. 42%)*

Urban Waste Collection
- ~1.7m tons of waste collected
- *70.3% of sorted waste collection (vs. national avg. 63%)*

QUASI REGULATED ACTIVITIES
(24% of Ebitda)

Hydroelectric Green Certificates
- 225 GWh GCs produced through hydro
- *560K tons CO2 emission avoided from hydro*

District Heating
- 99.0 mcm of district heated volumes
- *750K tons CO2 emission avoided from cogeneration*

Urban Waste Disposal
- 3 Waste To Energy plants (total capacity ~800Kton/y, 95MW of capacity)
- *100% energy or material recovery from waste managed*

UNREGULATED ACTIVITIES
(30% of Ebitda)

Generation
- 2,800 MW of generation capacity
- *76% of electricity produced by environmentally friendly sources*

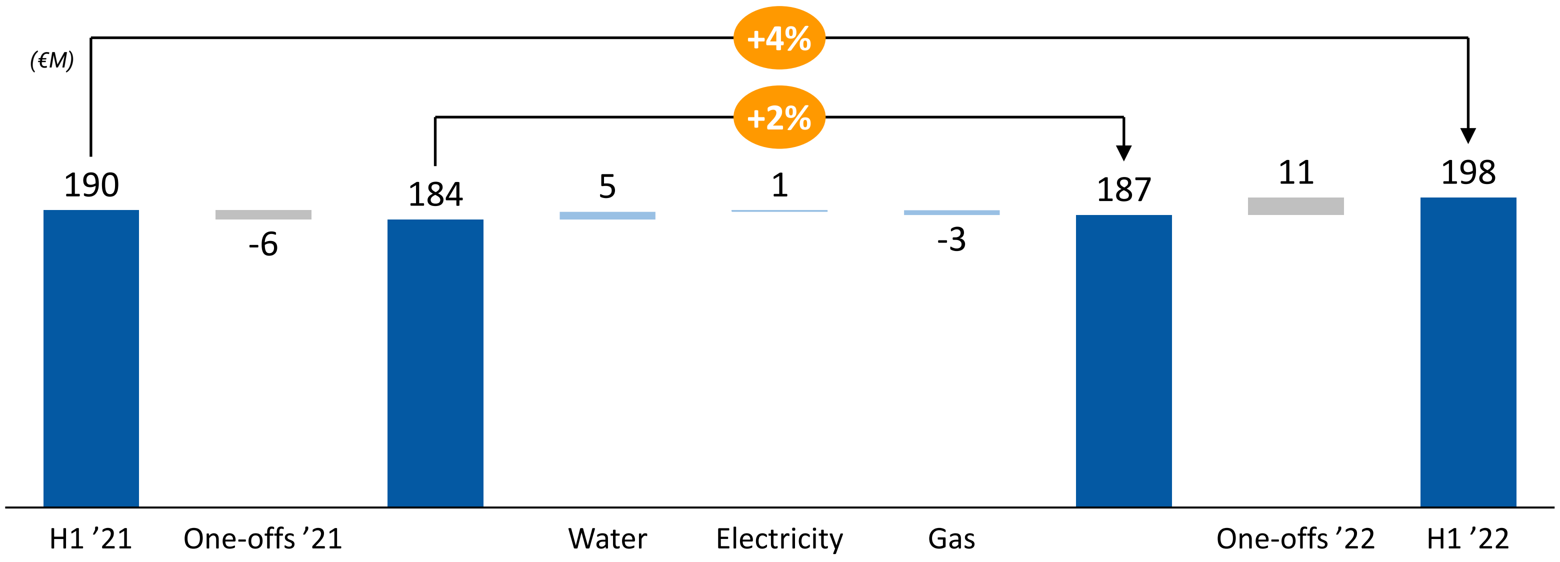
Energy Market
- ~6.0 TWh electricity sold to end clients
- ~1.0 bcm gas sold to end clients
- *92% customer satisfaction*

Special Waste
- ~881K tons of special waste managed
- *223.9K tons special waste to energy recovery*

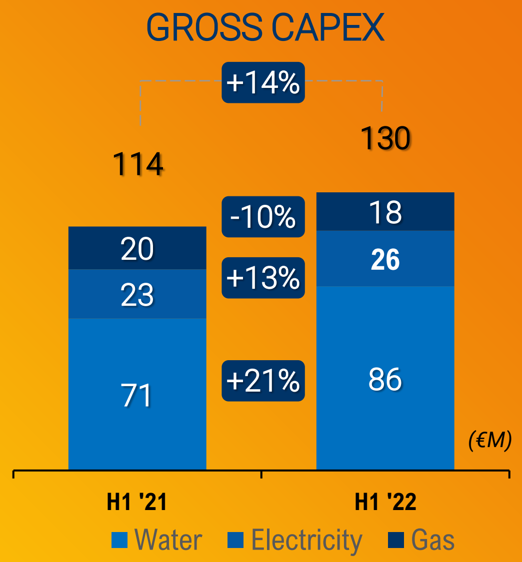
2021 Data

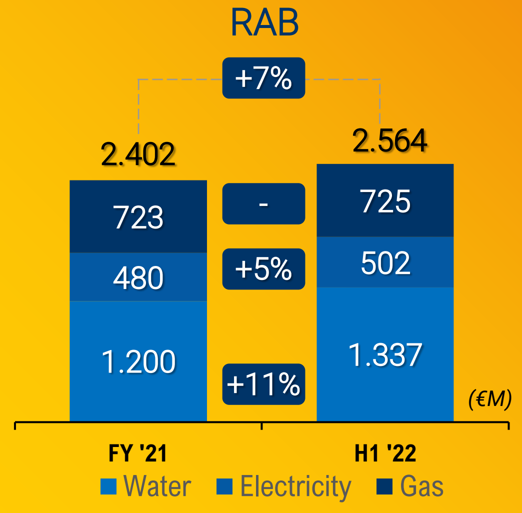
NETWORKS H1 '22

WACC reduction fully offset by RAB expansion

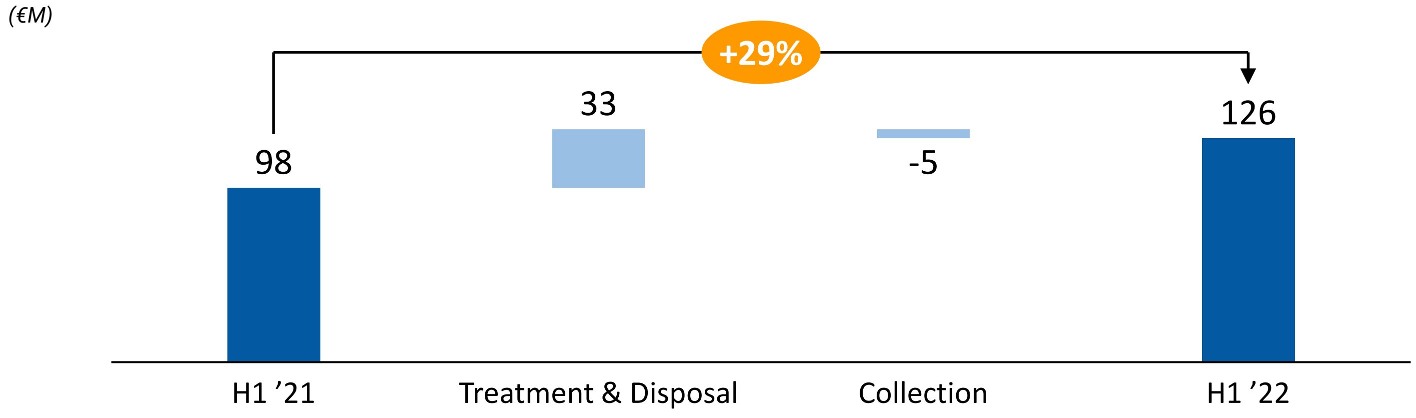


- **RAB increased by 7%** led by Water and Electricity
- Slight margin reduction on Gas linked to stable RAB guidance (as per Business Plan)
- Overall **WACC revision** accounted for -€7M
- **Investments increased by 14%**
- **Districtization** activities on water cycle continued, **reaching 62%+** of the grid (vs. 57% in H1 2021)



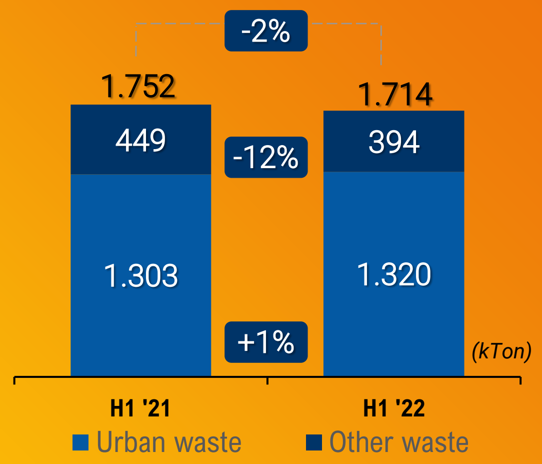


Growth led by treatment activities in a favorable energy scenario

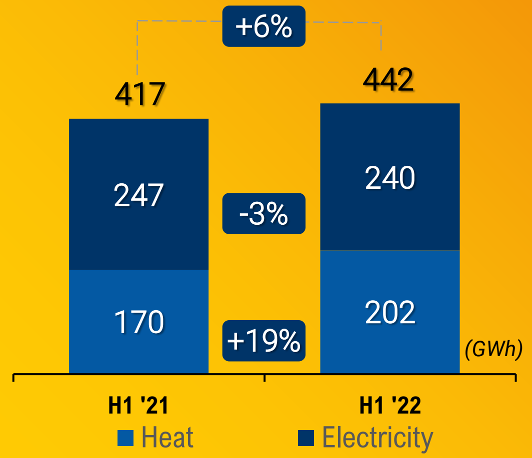


- **Favourable energy prices evolution** combined with increase in heat volumes produced by WTE plants
- Higher prices in waste **intermediation**
- Organic growth sustained by **4 new plants** phased-in during the last 12 months
- Higher operational costs on **collection activities**, which will be recovered in the next years

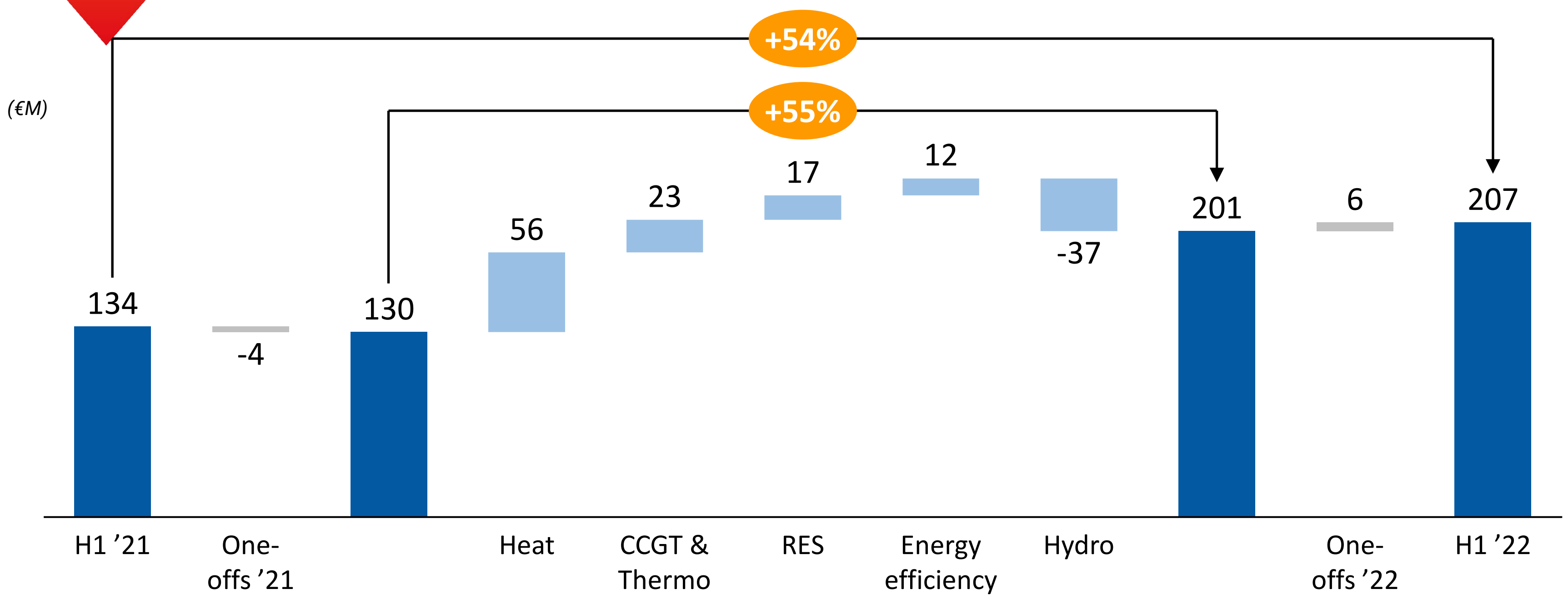
WASTE MANAGED



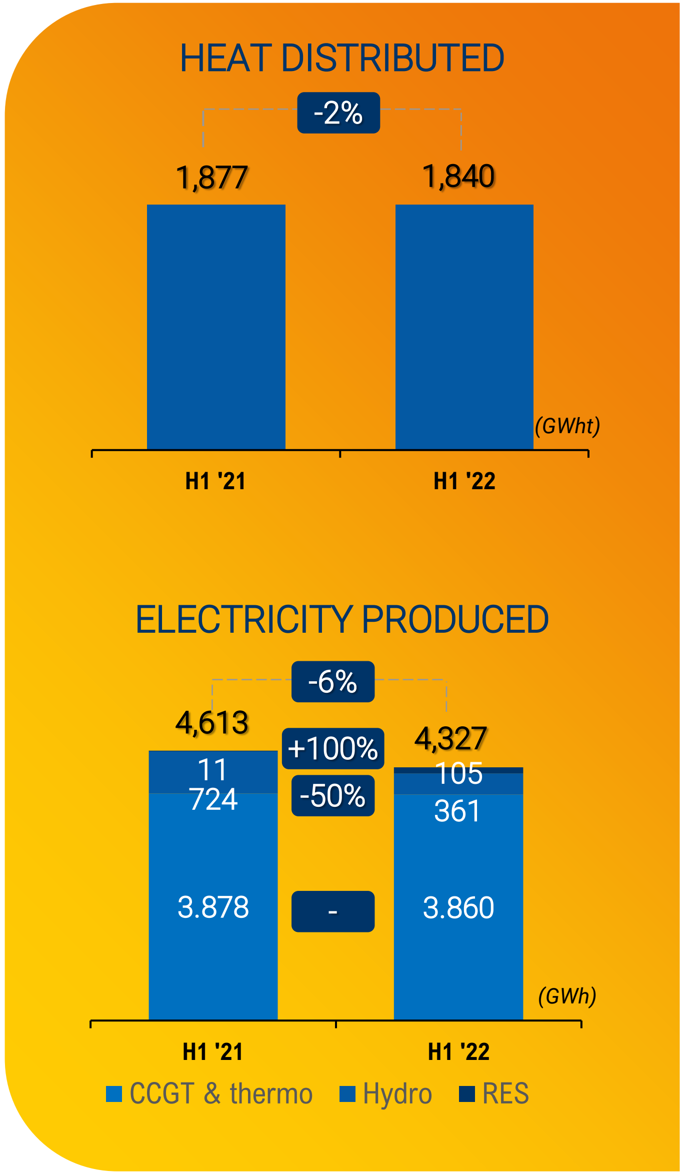
WTEs ENERGY SOLD



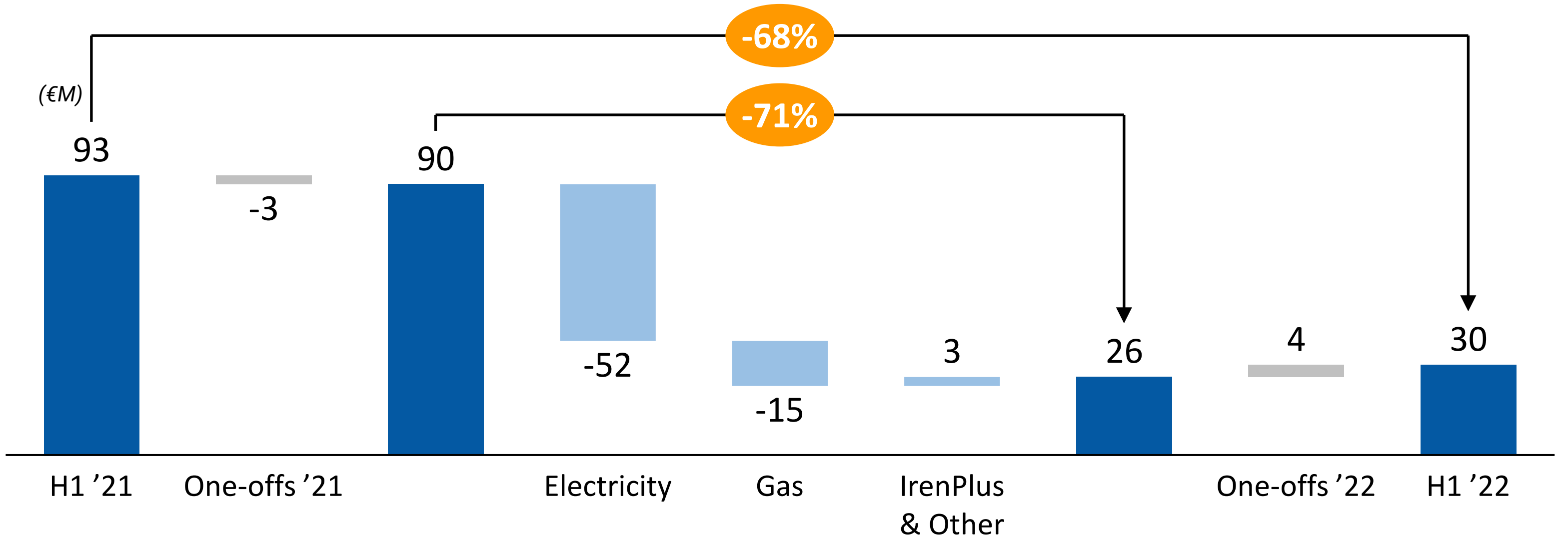
Cogeneration and RES more than offsetting the severe drought

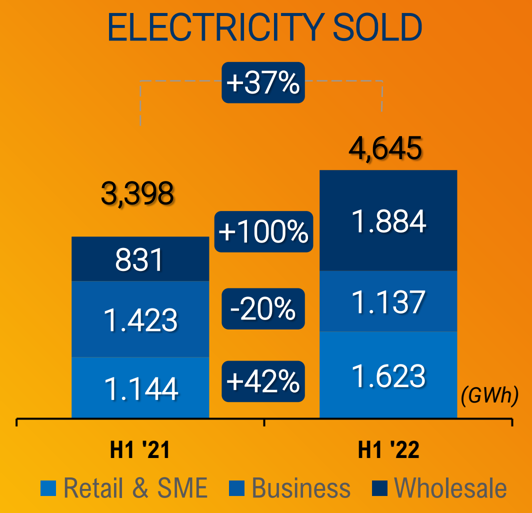


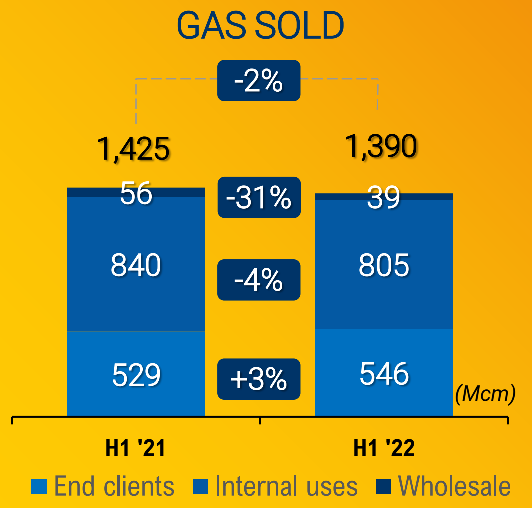
- **Heat margin normalization** to recover last 2 years contraction (~€25M) along with a positive scenario impact (as already reported in Q1)
- **Capacity market** (+€34M) partially offset by a lower **MSD** (-€7M)
- **Photovoltaic** assets acquisition contributing for **€17M**
- Steady growth in **Iren Smart Solutions activities** (energy efficiency)
- **Hydro volumes** down -50% (-363GWh), impacting also revenues from Green Certificates
- **DL Sostegni ter** accounting for -€11M in H1 2022



Unfavourable market scenario combined with reduced contribution from hydro







- Reduced hydro volumes in natural hedging along with lower effectiveness in matching consumptions' profiles, resulted in significant **electricity margins' contraction**, partially compensated through opportunistic wholesale transactions
- **Gas profitability** impacted by an increased unhedged position linked to a spike in volumes due to climate conditions, combined with exceptionally high prices
- In H2 2022 expiring contracts will trigger **repricing campaign** in line with market conditions
- **Customer base stands at 2.174k clients** (+170k clients vs end of 2021)
- Positive results for **Iren Plus** mainly supported by products benefiting from Government incentives

EBITDA to Group Net Profit reconciliation

(€M)

	H1 '21	H1 '22	Δ	Δ%
EBITDA	516.3	562.7	46.4	9.0%
D&A	-228.2	*-251.6*		
Provisions to bad debt	-33.7	*-35.6*		
Other provisions and write-downs	-4.2	*7.4*		
EBIT	250.2	282.9	32.7	13.1%
Financial charges	-32.8	*-32.6*		
Companies consolidated at equity method	6.7	*5.8*		
Others	18.2	*1.0*		
EBT	242.3	257.1	14.8	6.1%
Taxes	-34.0	*-104.4*		
Minorities	-15.2	*-19.3*		
Group net profit	193.1	133.3	-59.8	-31.0%
Group net profit adjusted*	152.0	164.0	12.0	7.6%

- Bad debts provision in line with last year's pandemic emergency period, to account for doubling of revenues
- Release of legal provisions following claims' settlement
- Average cost of debt down to 1.6% vs 1.7% in H1 2021
- 2021 Others item affected by Unieco debt optimization for €12M (pre-tax)
- €31M estimated full-year impact of "Contributo di solidarietà" decree (i.e. Windfall tax), following the new guidelines issued by the Italian Fiscal Authority in June 2022
- Ordinary tax rate at 28.5%

* *H1 '21 affected by €32M of non-recurring tax income on the realignment of accounting and tax values and by €12M of pre-tax positive one-off effect linked to Unieco debt optimization*

H1 2022 Business units' results

NETWORKS

€M	H1 '21	H1 '22	Δ	Δ%
Revenues	442	**528**	86	20%
Ebitda	190	**198**	8	4%
Electricity	*40*	***37***	*-3*	*-7%*
Gas	*46*	***41***	*-5*	*-11%*
Water	*104*	***120***	*16*	*15%*
Ebit	94	**99**	5	6%
Gross Capex	114	**130**	16	14%

WASTE

€M	H1 '21	H1 '22	Δ	Δ%
Revenues	435	**486**	51	12%
Ebitda	99	**126**	27	28%
Collection	*30*	***25***	*-5*	*-17%*
Treatment & disposal	*68*	***101***	*33*	*49%*
Ebit	44	**63**	19	45%
Gross Capex	47	**67**	20	41%

ENERGY

€M	H1 '21	H1 '22	Δ	Δ%
Revenues	715	**2,139**	1424	(*)
Ebitda	134	**207**	73	55%
Hydro&Renewables	*36*	***16***	*-20*	*-56%*
Thermo/Coge, DH	*86*	***165***	*79*	*92%*
Energy efficiency	*8*	***20***	*12*	*150%*
Ebit	65	**144**	79	(*)
Gross Capex	68	**64**	-4	-7%

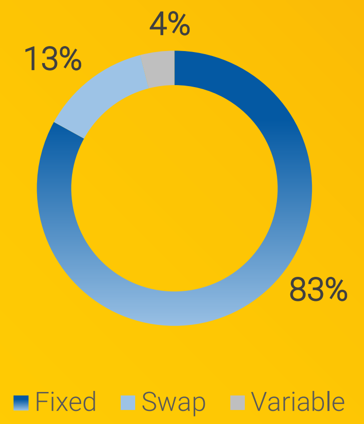
MARKET

€M	H1 '21	H1 '22	Δ	Δ%
Revenues	1.159	**2.888**	1.729	(*)
Ebitda	93	**30**	-63	-68%
Electricity	*21*	***-31***	*-52*	*(*)*
Gas&Heat	*71*	***60***	*-11*	*-15%*
Ebit	49	**-25**	-74	(*)
Gross Capex	32	**46**	14	41%

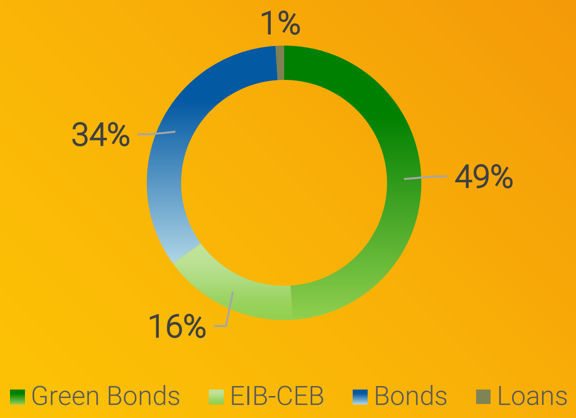
(*) Variation greater than 100%

Financials

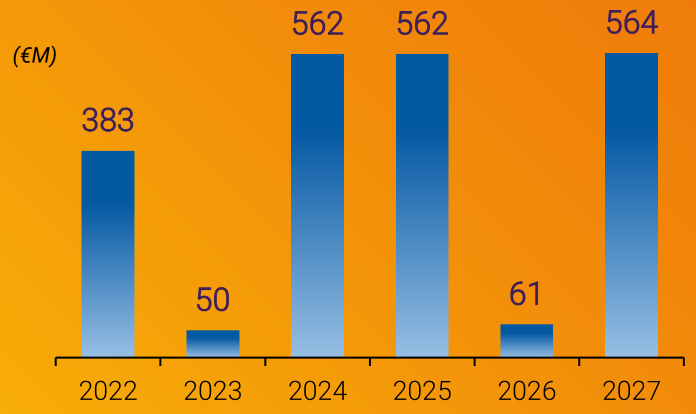
INTEREST RATE



DEBT STRUCTURE



MATURITIES



- **96% of gross debt at fixed interest rate**
- Average long-term debt **duration** of about **5.2 years** vs 5.7 years in H1 '21
- Reduction in the **average cost of debt** (**1.6%** vs. 1.7% in H1 '21)
- **65%** of the Iren total **debt is composed of green and assimilated** instruments

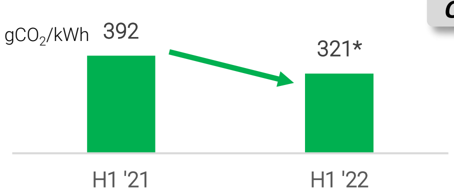
S&P Global Ratings	*BBB-*	Outlook *Positive*
FitchRatings	*BBB*	Outlook *Stable*

ESG KPIs ahead of Business Plan targets

Green transition

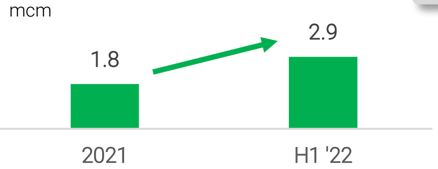
Carbon Intensity

On track



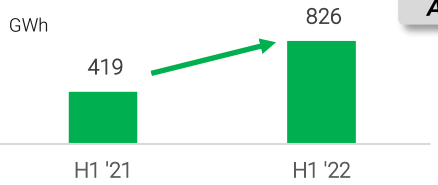
Biomethane from waste

On track



Green energy sold

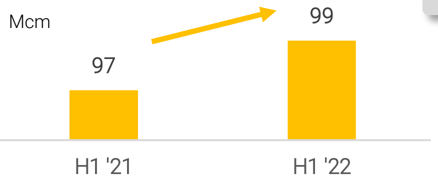
Ahead



Local presence

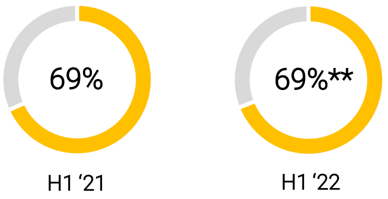
DH volumes

On track



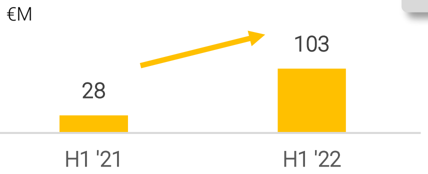
Sorted waste collection

On track



Rebuilding projects *(EPC value)*

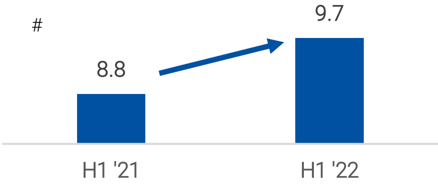
Ahead



Service quality

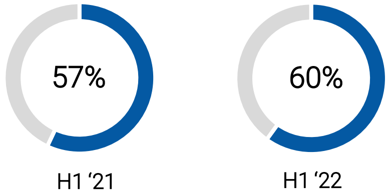
Physical Stores' Customer Satisfaction Index

Ahead



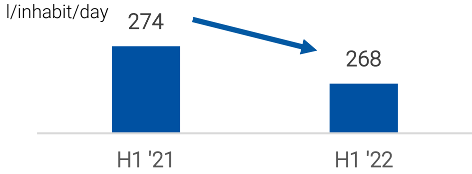
Clients digital contacts

Ahead



Water withdrawals

Ahead



** Impacted by reduction of hydro volumes (drought)*

*** Slightly impacted by seasonality and consumption reduction*

Industrial KPIs

	H1 '21	H1 '22	Δ%
Electricity distributed (GWh)	1,808	**1,821**	0.7%
Gas distributed (mcm)	777	**714**	-8.2%
Water distributed (mcm)	86	**84**	-2.6%
Waste collected (Kton)	842	**820**	-2.6%
Waste treated (Kton)	1,402	**1,411**	0.6%
Thermal production (GWh)	3,878	**3,860**	-0.5%
Renewable production (GWh)	735	**467**	-38.8%
Hydro production (GWh)	724	**361**	-50.1%
Solar production (GWh)	11	**105**	(*)
Electricity sold to end clients (GWh)	2,567	**2,760**	7.5%
Gas sold to end clients (mcm)	529	**546**	3.2%

(*) Variation greater than 100%

Scenario

	H1 '21	H1 '22	Δ%
Gas Demand *(bcm)*	38.6	**38.0**	-1.6%
PSV €*/000 scm*	23.1	**103.5**	(*)
Energy Demand *(Twh)*	154.9	**155.9**	0.6%
PUN *(€/Mwh)*	66.9	**248.6**	(*)
CO2 €*/Ton*	43.7	**83.3**	90,6%
Green Cert. Hydro *(€/Mwh)*	109.4	**42.9**	-60.8%
TEE (€/TEE)	260	**255**	-1.9%

(*) Variation greater than 100%

Disclaimer

The Manager in charge of drawing up the corporate accounting documents and the Chief Financial Officer of IREN S.p.A., Ms. Anna Tanganelli, 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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