15th of November 2013

2013 – 9M Results

2013 – KEY OPERATING FACTS

The **commissioning of the OLT LNG terminal successfully started** at the end of August and should end within 2013.

The **Integrated Environmental System in Parma (PAI) has been completed** and the commissioning successfully started.

9 months 2013

The non-proportional **demerger of Edipower has been completed**. IREN started to directly **manage the Turbigo and Tusciano plants** from the 1st of November.

IREN successfully issued its **first private placement (bond)** for an amount of 210 m€ (in two tranches), with seven-year maturity and 4.37% per year coupon, **improving the debt profile in terms of sources and duration**.

Oct./ Nov. 2013

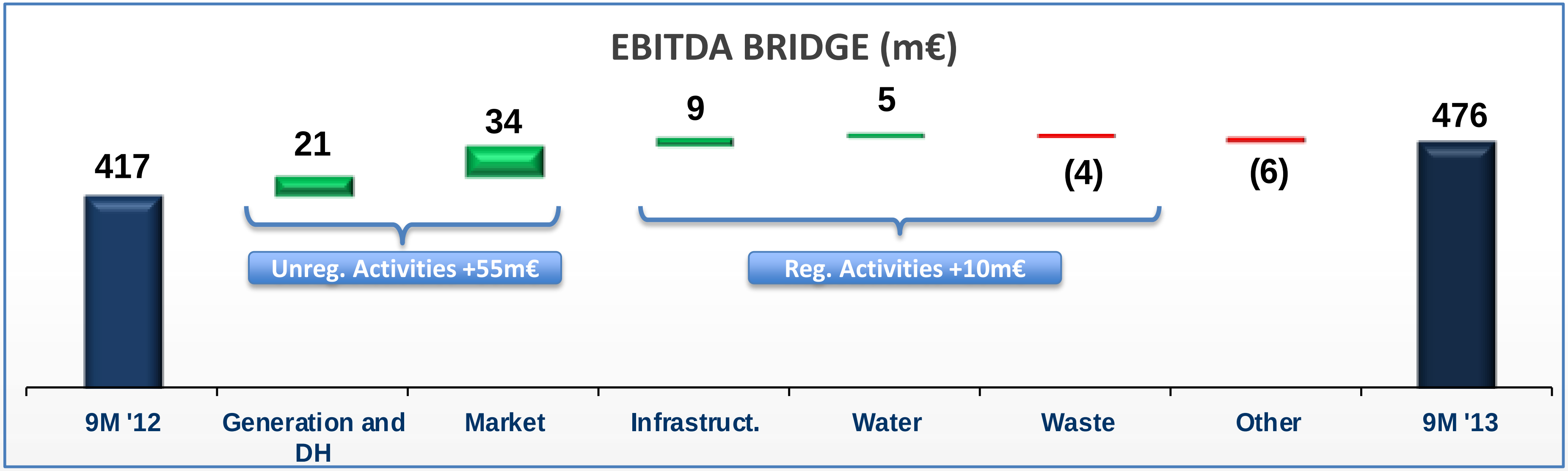
9M 2013 – Remarkably good results.

EURm	9M '12	9M '13	Δ	Δ %
REVENUES	3,148	2,470	*-677.9*	*-21.5%*
EBITDA	417	476	*+59.8*	*+14.4%*
EBITDA (margin)	*13.2%*	*19.3%*		
EBIT	209	259	*+50.1*	*+24.0%*
NET PROFIT	68	94	*+26.2*	*+38.7%*
GROSS CAPEX	222	193	*-28.7*	*-13.0%*
NFP	2,555*	2,520	*-34.9*	*-1.4%*

- **Revenues down by 21.5%:** The reduction in revenues reflects the lower volumes of electricity and gas sold due to the commercial policy of the Gruppo IREN (consisting in focusing on "SoHo/Retail Clients" and reducing its presence in the "Business/industrial Clients" sector), with a significant positive impact on Net Working Capital.
- **EBITDA +14.4%:** The positive trend reported in the last quarters is even improved, in spite of a persistent negative macroeconomic scenario, thanks mainly to the outstanding results in unregulated activities .
- **EBIT +24.0%:** The results in EBITDA are reflected in EBIT, more than offsetting the growth in provisions.
- **Net profit +38.7%:** The increase in Net profit is the consequence of the good operating result and a better financial management.
- **Gross Investments down by 13.0%:** The steady decrease is in line with the planned cut in capex, and it underlines the end of Gruppo IREN's current strategic investment cycle.
- **NFP -1.4%:** The NFP level is 35m€ lower compared to what was reported at the end of 2012, confirming the soundness of the Group's financial management.

**At 31/12/2012*

EBITDA BRIDGE – Confirming the positive trend both in unregulated and regulated activities.



- **EBITDA bridge - Key Elements:**
  - Growing hydroelectric production, together with the elements already reported in the first half of the year (optimization of gas procurement activities, increase in electricity and heat production, a positive performance in MSD market) drove the remarkable improvement in unregulated business, in spite of the absence of the positive extraordinary item reported in 2012 (Telessio's stranded costs, 16€m)
  - Significant increase in energy distribution activities mainly thanks to equalization for previous years.
  - The increase in the Water sector is due mainly to tariff increases in compliance with the new regulatory framework outlined by the AEEG at the end of 2012.
  - The Waste sector's margins are negatively impacted by the shutdown of the WTE in Reggio (May 2012).

GENERATION AND DH – Significant results in all the sectors.

9M ’13 vs. 9M ’12

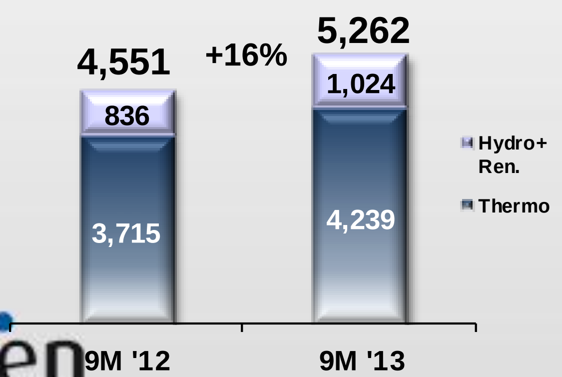
- **Strong improvements in Thermoelectric Cogen. confirmed** thanks to the spark-spread increase, arising from the optimization of the gas procurement policy and higher profitability in MSD market. In the first 9 months, the thermoelectric production rose by 14%, bucking the trend of national production, which dropped by 23% (gas fuelled).

- **The increase in Hydro,** net of the exceptional positive item reported in 1H 2012 (Telessio’s stranded costs were worth 16m€), is due to higher volumes sold (+22% vs. +2.6% in 1H 2013) which more than offset the reduction in prices.

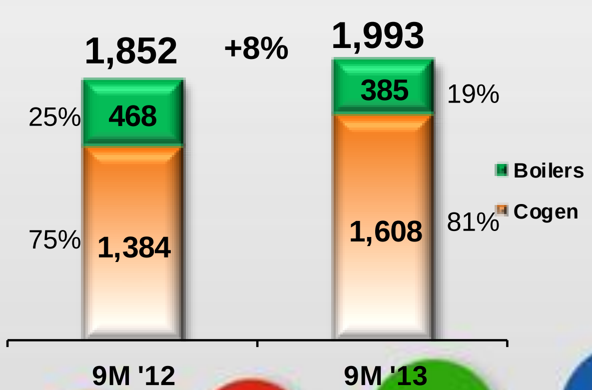
- **Positive results in Heat production and DH networks** thanks both to a growth in volumes, and an increase in spark-spread. In particular the development of heating networks scored a +4mcm in volumes heated.

	9M '12	9M '13	Δ€m	Δ%
Revenues	697	677	(20)	-3%
EBITDA	128	149	21	16%
EBIT	54	98	44	80%
Gross CAPEX	42	27	(15)	-36%

ELECTRICITY PRODUCTION (GWh)



HEAT PRODUCTION (GWht)



MARKET – Outstanding performance in gas sector together with a sharp improvement in electricity sales.

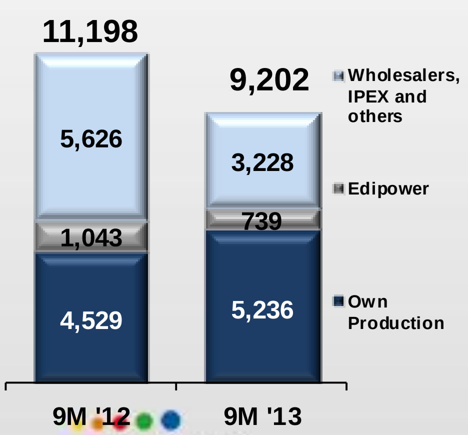
9M '13 vs. 9M '12

- **Gas and Heat Sales:** The significant results reported in the last quarters are confirmed, thanks to an optimized procurement portfolio which exploited market liquidity.
- **Electricity sales:** The strong growth in the sector is mainly led by the final release of the "onerous contract fund" linked to the Edipower tolling agreement.
- **EBIT growth** only partially reflects the increase in EBITDA because of higher prudential provisions due to the persistent economic slowdown.

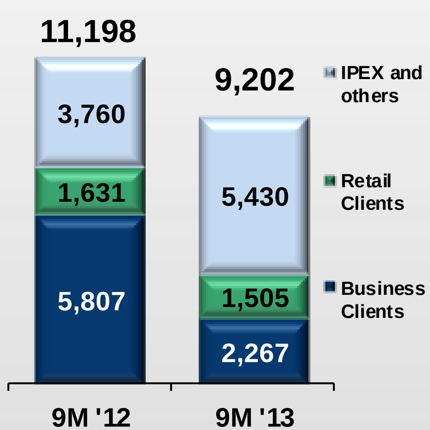
	9M '12	9M '13	Δ€m	Δ%
Revenues	**2,981**	**2,204**	**(777)**	**-26%**
EBITDA	**39**	**73**	**34**	**85%**
Electricity	*-10*	*-1*	*9*	*90%*
Gas & Heat	*49*	*74*	*25*	*51%*
EBIT	**21**	**28**	**7**	**35%**
Gross CAPEX	**6**	**6**	**0**	**-7%**

ELECTRICITY PORTFOLIO (GWh)

Sources*

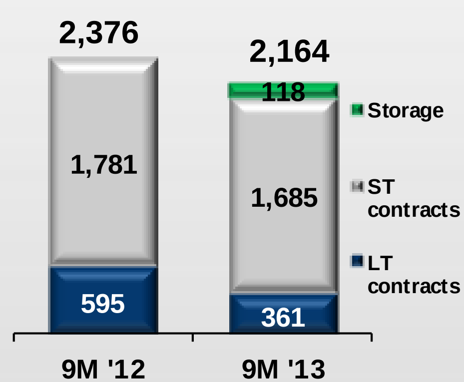


Uses*



GAS PORTFOLIO (MCM)

Sources



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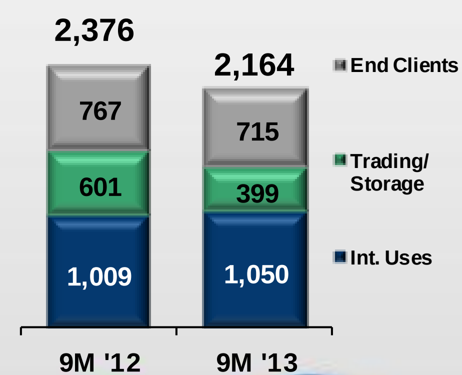


*net of "pass-through Ipex volumes"

ENERGY INFR. – Positive results in both gas and electricity networks.

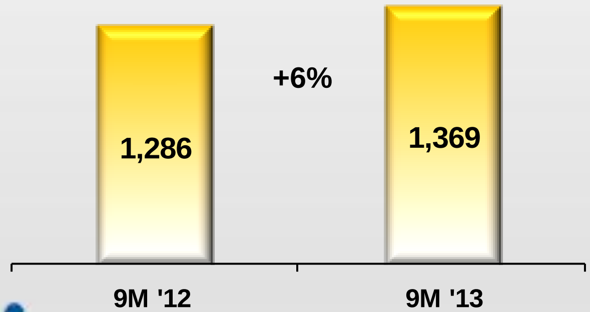
9M ’13 vs. 9M ’12

Electricity networks: The results are positively impacted mainly by cost savings and a number of extraordinary items, reported in the Parma and Turin areas.

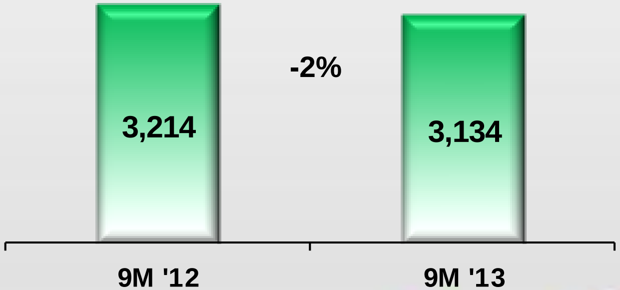
Gas networks: Stable margins in spite of the absence of the contribution of GEA S.p.A, sold in the 4Q 2012.

	9M '12	9M '13	Δ€m	Δ%
Revenues	**274**	**273**	**(1)**	**0%**
EBITDA	**126**	**135**	**9**	**7%**
Electricity	*52*	61	*9*	*16%*
Gas/Regas.	*74*	*74*	*0*	*1%*
EBIT	**88**	**97**	**9**	**10%**
Gross CAPEX	**61**	**67**	**6**	**9%**

GAS DISTRIBUTED (MCM)



ELECTRICITY DISTRIBUTED (GWh)



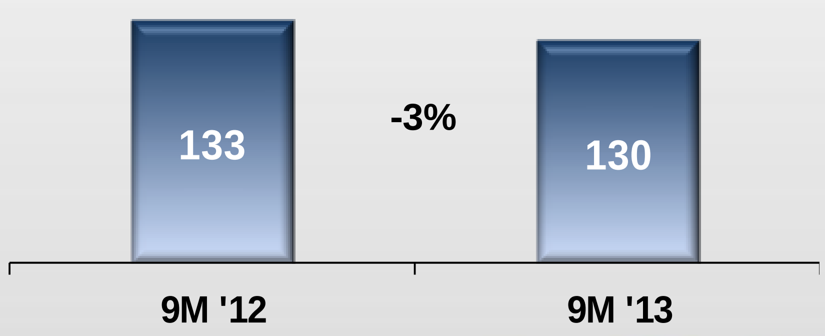
WATER – Higher EBITDA compared to 9M 2012.

9M ’13 vs. 9M ’12

- **Slight increase in Revenues:** tariff increases, linked to the new Temporary Tariff Method (MTT) drove the growth in revenues, in spite of the negative effect of IFRIC 12 (-8m€).
- **Growth in EBITDA**: The increase in tariffs and synergies more than offset the impact of the contingency linked to expected loss deriving from the 2011 Referendum (-9m€).

	9M '12	9M '13	Δ€m	Δ%
Revenues	320	329	9	3%
EBITDA	87	92	5	6%
EBIT	33	32	(1)	-3%
Gross CAPEX	55	47	-8	-14%

WATER SOLD (MCM)



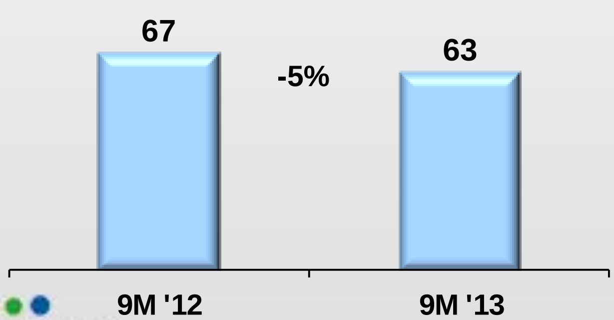
WASTE - Negative impact of the shutdown of the WTE in Reggio Emilia.

9M ’13 vs. 9M ’12

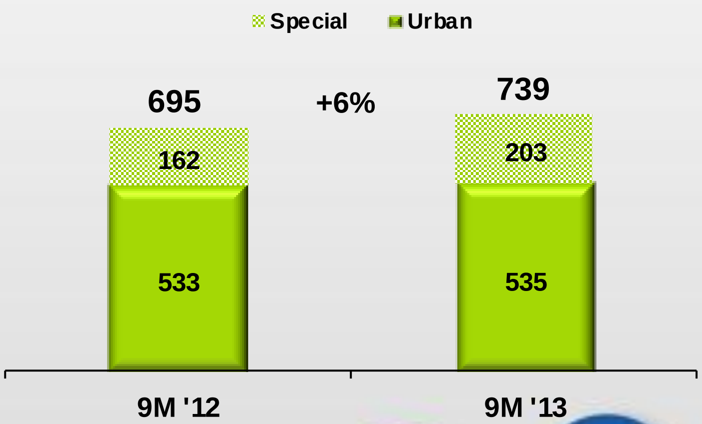
- **Stable revenues:** the tariffs increase offset the absence of revenues from heat production due to the shutdown of the Reggio Emila WTE.
- **Decrease in EBITDA** due to higher costs of waste disposal as the result of the dismantling of the WTE in Reggio Emilia.
- Sorted waste percentage higher than 60%.
- + 25% in special waste collection.

	9M '12	9M '13	Δ€m	Δ%
Revenues	157	158	1	1%
EBITDA	31	27	(4)	-13%
EBIT	10	8	(2)	-26%
Gross CAPEX	43	37	-6	-15%

Energy from Waste (Gwh)



Waste (Kton)



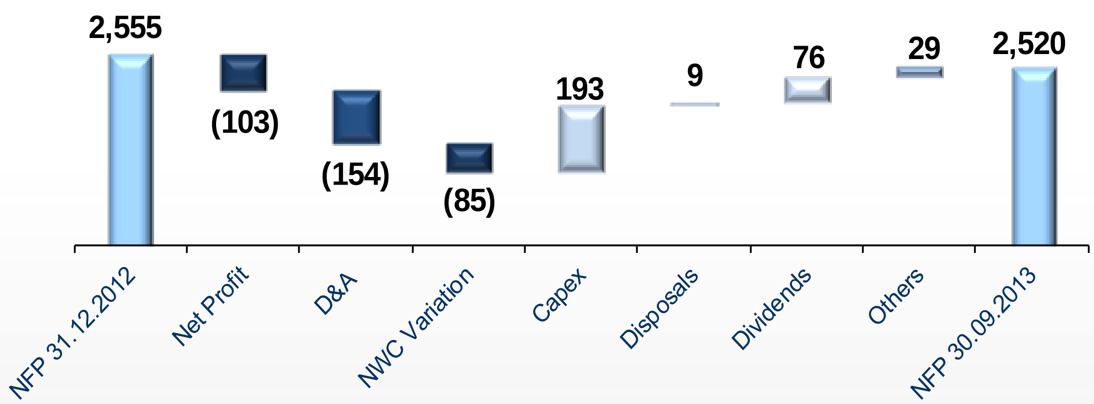
From EBIT to Net Profit.

	9M '12	9M '13	Δ%
EBIT	**208.5**	**258.6**	**+24.0%**
Financial charges	***(73.5)***	***(60.1)***	
Companies consolidated with E.M.	***5.4***	***10.9***	
Adj. in participations	***(10.2)***	***(10.0)***	
EBT	**130.2**	**199.4**	**+53.2%**
Taxes	***(67.0)***	***(96.8)***	
Profit from discontinued oper.	***12.0***	**-**	
Minorities	***(7.5)***	***(8.7)***	
Group net profit	**67.7**	**93.9**	**+38.7%**

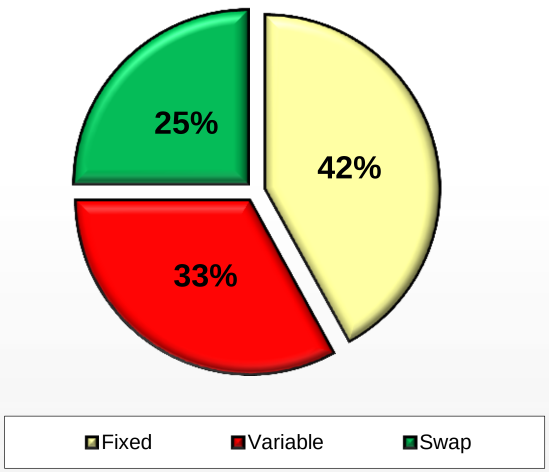
- **Lower Financial charges,** due to the decrease in NFP, more than offset the write-down of the "Energia Italiana" participation (-11m€)

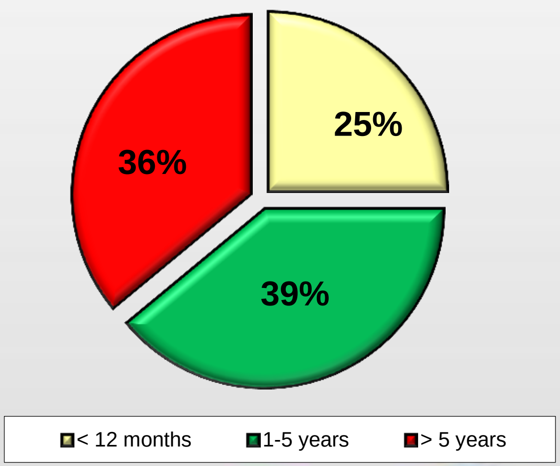
CASH-FLOW & DEBT STRUCTURE.

NFP Bridge 30.09.2013



Interest rate* and Debt Structure**





- The steady decrease in NWC and better capex control in line with the budget/business plan drove the reduction in NFP, compared to FY 2012.
- Average long-term debt duration of about 4.3 years.
- 33% of net debt at variable interest rate.
- The average cost of debt in the first 9M 2013 stood at 3.92%, substantially stable compared both to 1H 2013 and the first 9 months of 2012

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

Annexes

Market Scenario.

- **In the first 9M of the 2013 Brent average price** stood at 108.5 $/bbl, marking a 3% decrease vs. 9M 2012.
- **USD/€ exchange rate** up by 3%

	9M '12	9M '13	Δ %
Brent USD / bbl	112.2	108.5	-3%
USD / €	1.28	1.32	3%
Brent € / bbl	87.6	82.3	-6%

- **Gas demand fell by 8**%, compared to the first 9 months 2012

	9M '12	9M '13	Δ %
Gas Demand (bcm)	54.0	49.5	-8%
PSV €/000 scm	307	294	-4%
CCI, €/000 mc	396	393	-1%

- **The negative trend in energy demand continues,** with a 4% decrease.
- **The 9M 2013 PUN-price** stood at 62.3 €/MWh with fall in the region of 20%.

	9M '12	9M '13	Δ %
Energy demand (Twh)	248.2	239.0	-4%
PUN (€ /MWh)	78.8	62.3	-21%
CO2 (€ /Ton.)	7.2	4.4	-39%
Green Cert. Hydro (€ /MWh)	76.3	81.9	7%

Balance Sheet.

€ m	31.12.2012	30.09.2013
Net fixed assets	4,735	4,471
Net Working Capital	235	150
Funds	(457)	(421)
Other assets and liabilities	(4)	318
Net invested Capital	4,509	4,518
Net Financial Position	2,555	2,520
Group shareholders' equity	1,954	1,998
Total Funds	4,509	4,518

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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