



IREN RESULTS

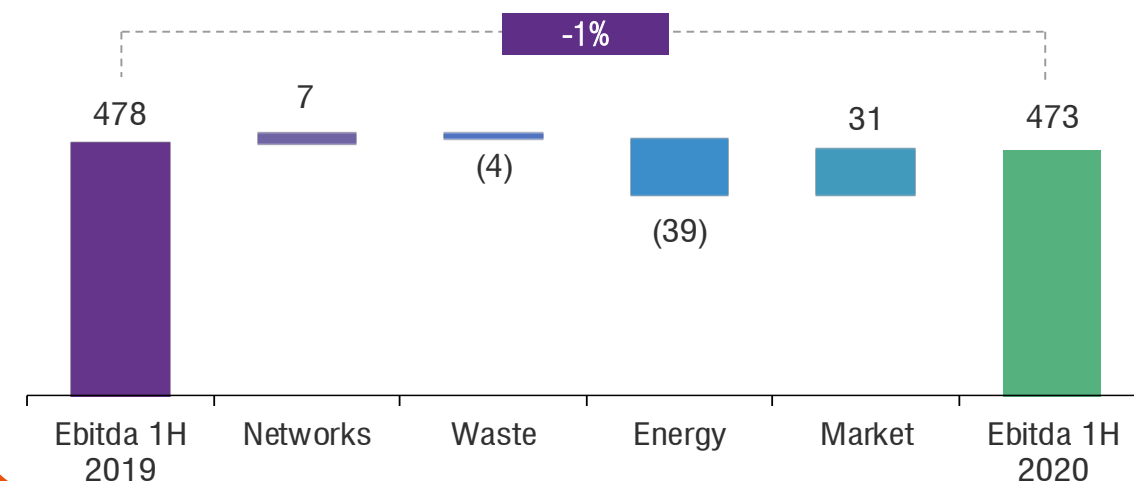
1H 2020

4th August 2020

KPIs

	m€	1H '19	1H '20	Δ	Δ%
Revenues		2,238	1,826	-412	-18.4%
Ebitda		478	473	-5	-1.0%
Ebit		258	232	-26	-10.0%
Group net profit		151	133	-18	-11.9%
Tech. Capex		197	254	57	29.0%

EBITDA BRIDGE (m€)



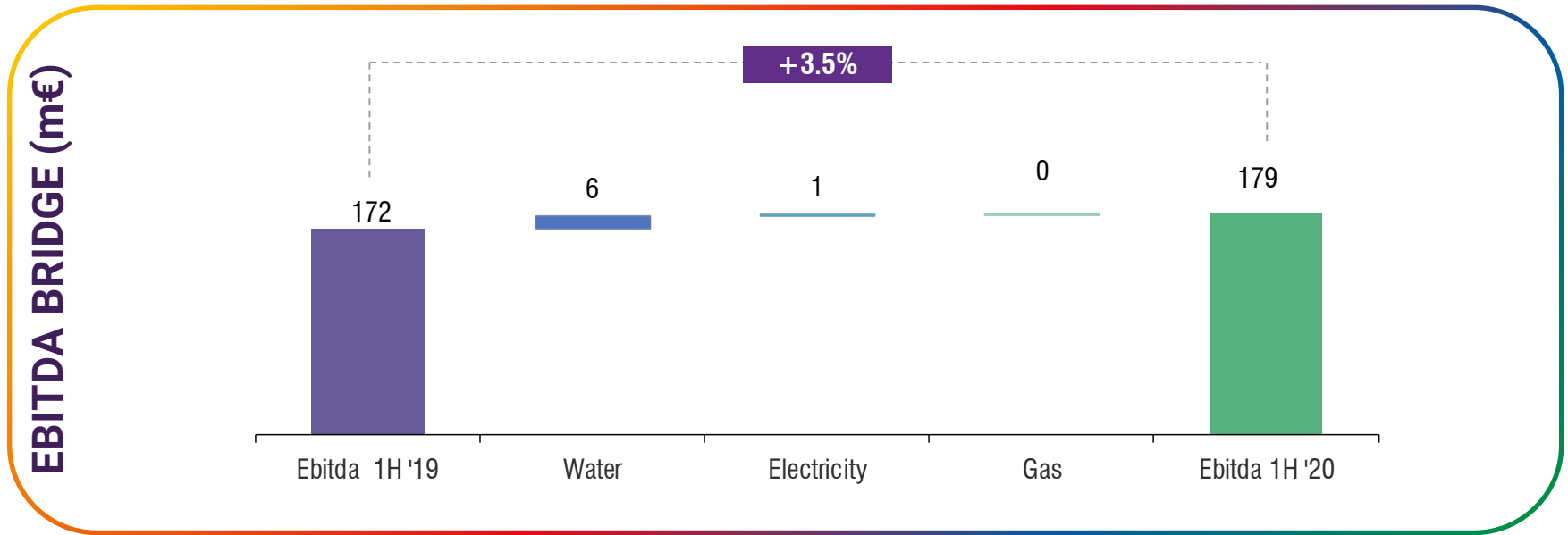
- **Revenues -18.4%:** decrease mainly in the energy value chain revenues caused by lower volumes and prices
- **Ebitda -1.0%:** Resilient results in a difficult scenario affected by Covid impacts of 10 m€, negative impact from regulation of 5m€, a negative net impact of one-offs on Energy of 20m€ and finally downwards trend in energy prices. In such a tough environment, we underline the resilience of the integrated energy value chain
- **Ebit -10.0%:** higher provisions to bad debt due to the emergency and higher depreciations partially offset by a release of a provision fund
- **Net profit -11.9%:** reflecting the Ebit downtrend
- **Tech. Capex +29.0%:** strong capex plan. The increase is mainly explained by Turbigo repowering

NETWORKS | RAB rise and synergies as main growth drivers

+ RAB growth combined with synergies led the 4% Ebitda increase

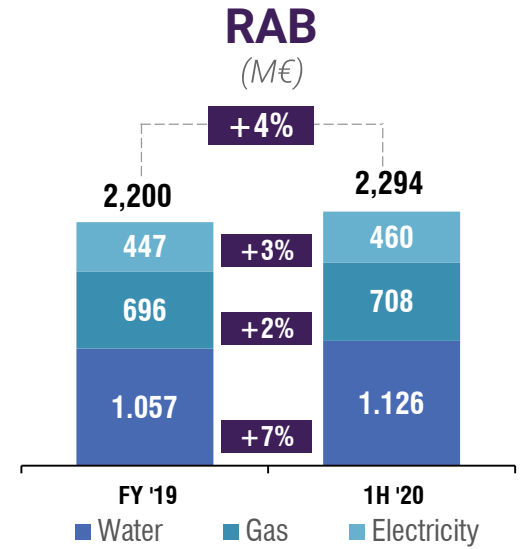
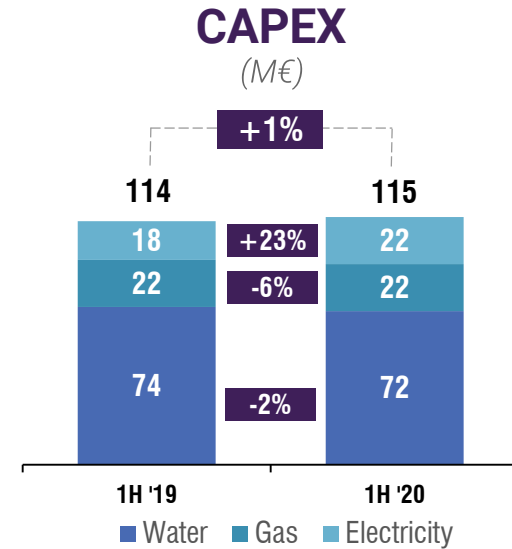
+ Investments in line with last year, despite the light slowdown caused by the lockdown

- Negative impact from regulation due to lower costs recognized in tariffs, mainly in water and gas sector

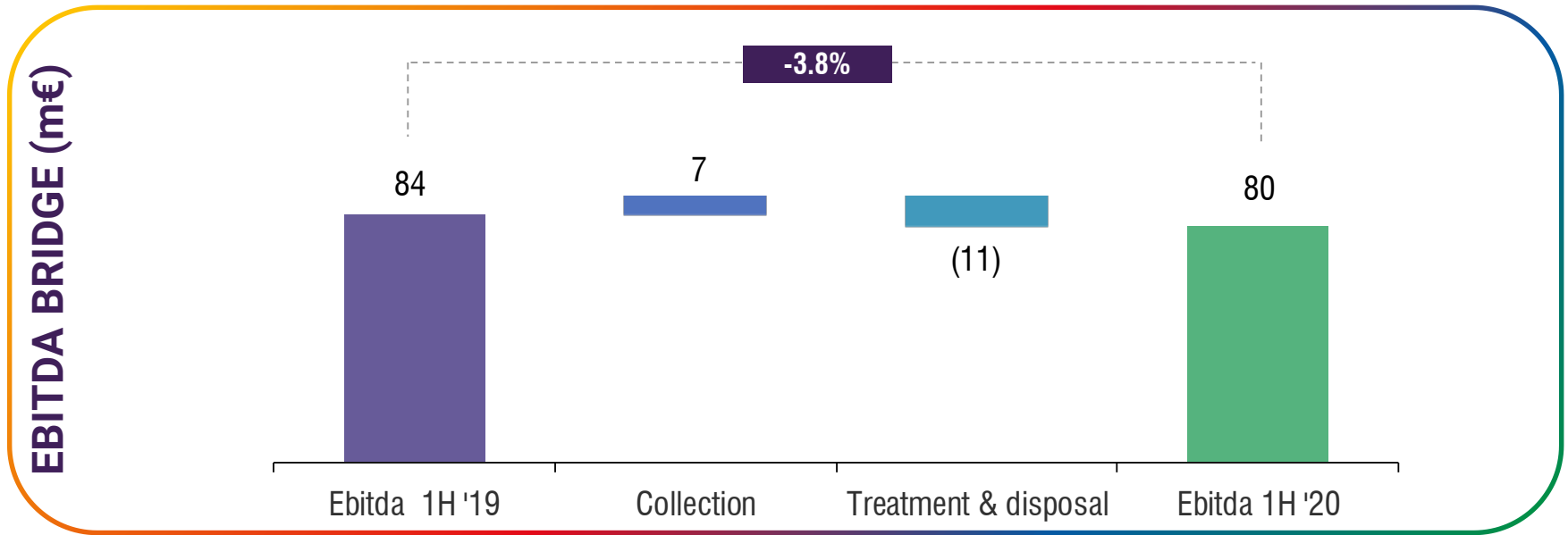


OUTLOOK

EBITDA 2020 will be in line with last year result, despite the absence of 2019 water balances and other for an overall of 20m€

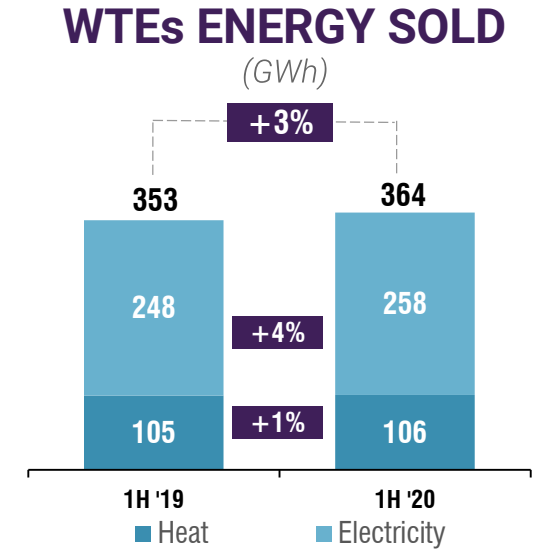


- + Higher margins on collection activities
- + Positive contribution of San Germano for 2 million euros
- + Saturation of WTE plants, through the reorganization of flows
- Decrease in waste managed (-4%) compared to 1H 2019 mainly on landfill, led by Covid emergency
- Lower PUN price affected the electricity sold

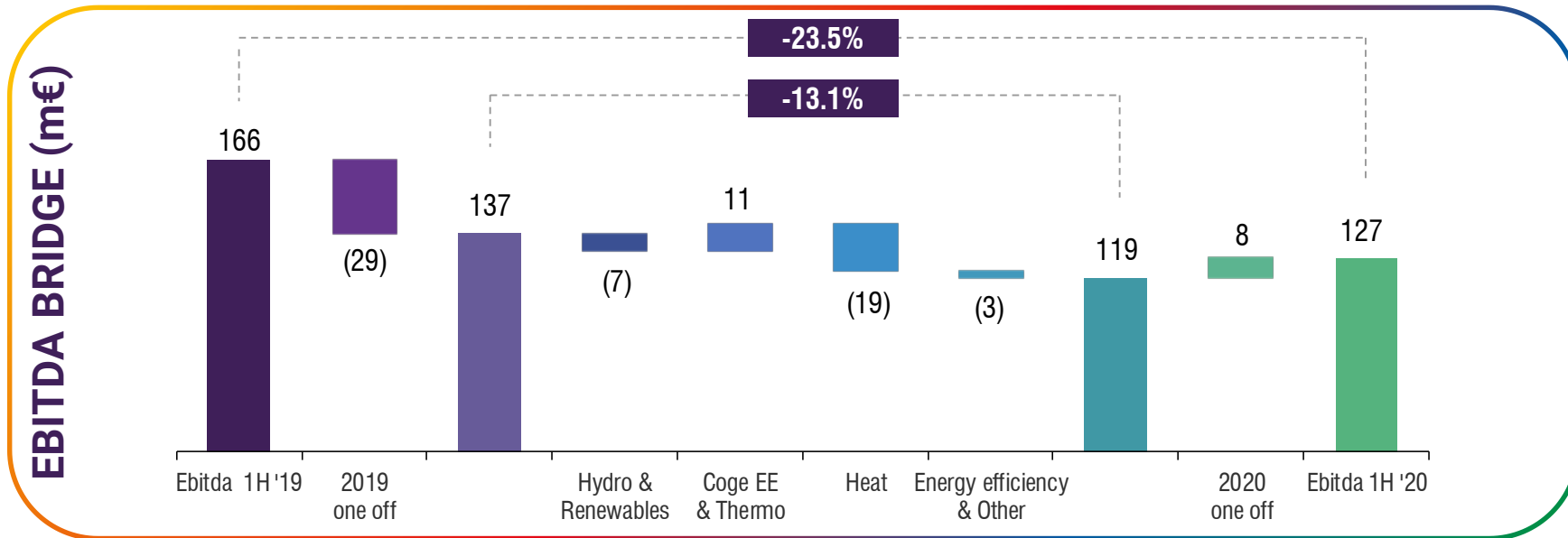


OUTLOOK

The consolidation activities will offset the COVID19 impacts, obtaining a result slight increase compared with last year

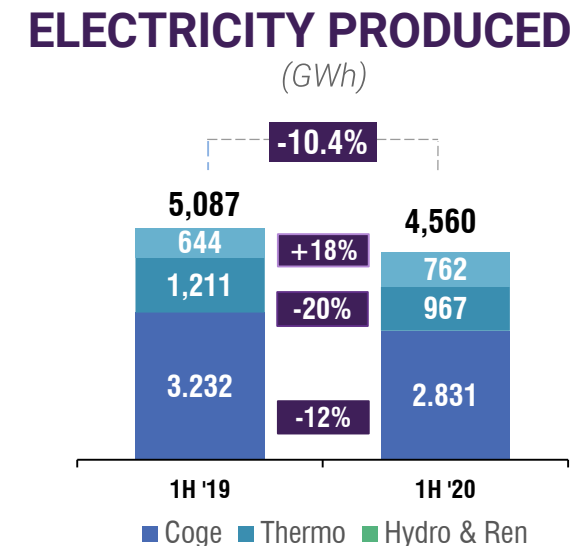
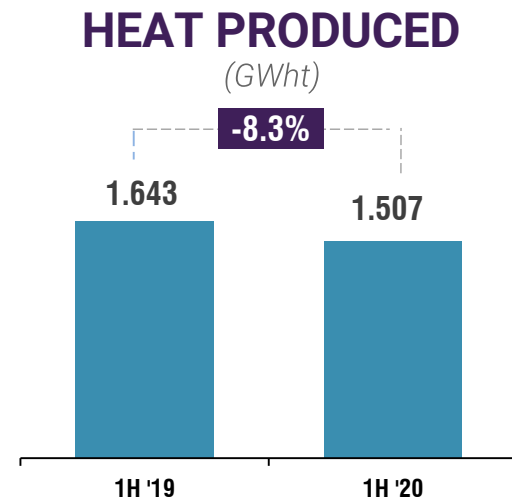


- + Higher hydro volumes
- + Positive results in the ancillary services market (50m€ vs 28m€ in 2019)
- Lower coge and thermo volumes
- Lower heat distributed due to mild temperature
- Drop in PUN, in electricity clean spark spread and in heat spark spread



OUTLOOK

Stripping out non recurrent elements, the result is expected to be slightly lower than 2019

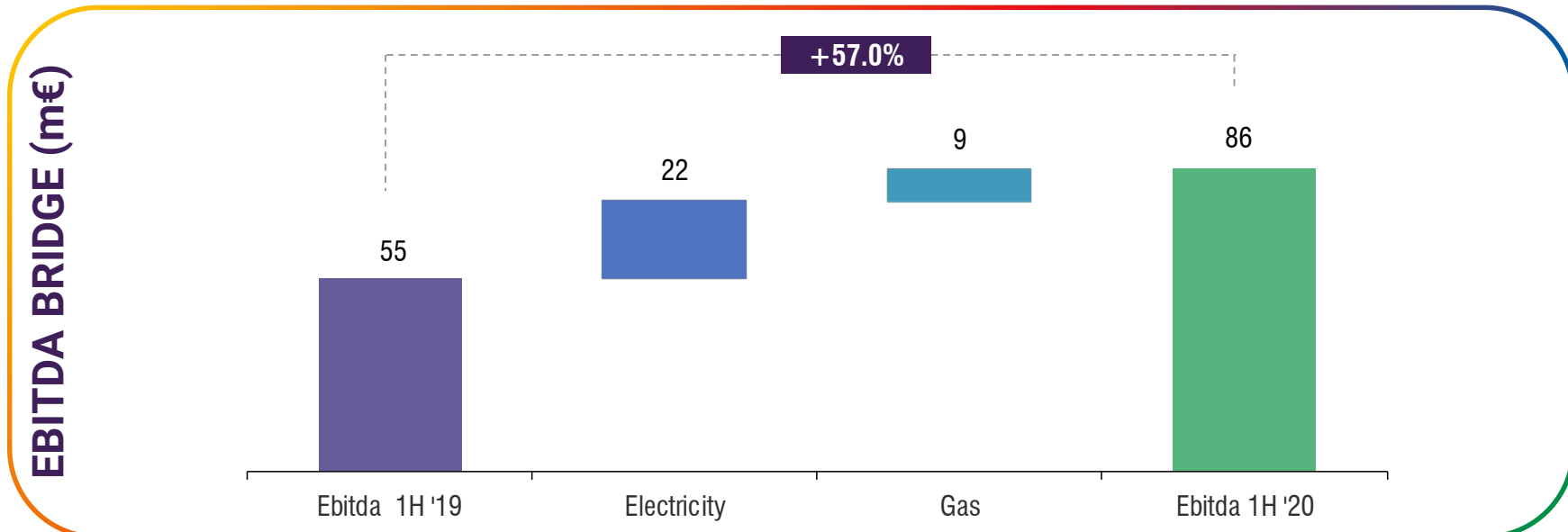


+ Positive repricing commercial policy and hedging activities in both sectors which led to recover and overhit the standard value of supply unit margins

+ Customer base at 1.863m clients (+47k vs FY2019 of which 21k of SanremoLuce acquisition)

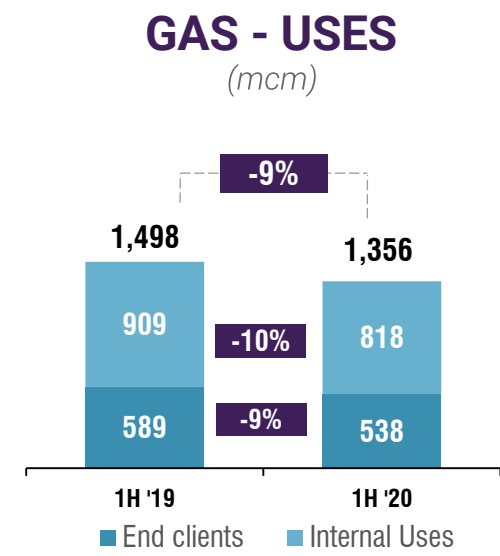
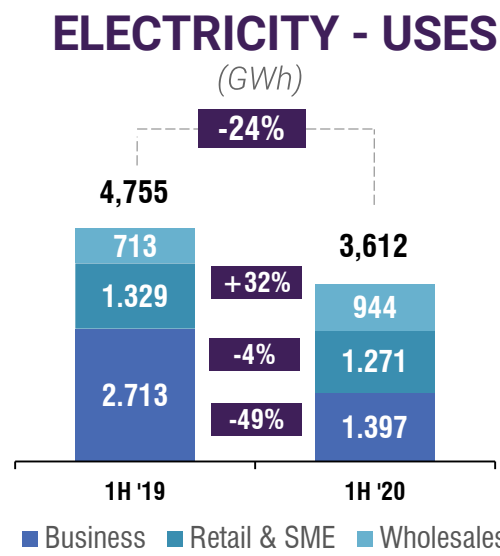
- Lower electricity volumes mainly in SMEs and Business segment, primarily for Covid impact

- Lower gas volumes to end clients due to the winter mild temperature



OUTLOOK

Stabilization of the recovery in gas and electricity margins. Growth trend of our customer base confirmed

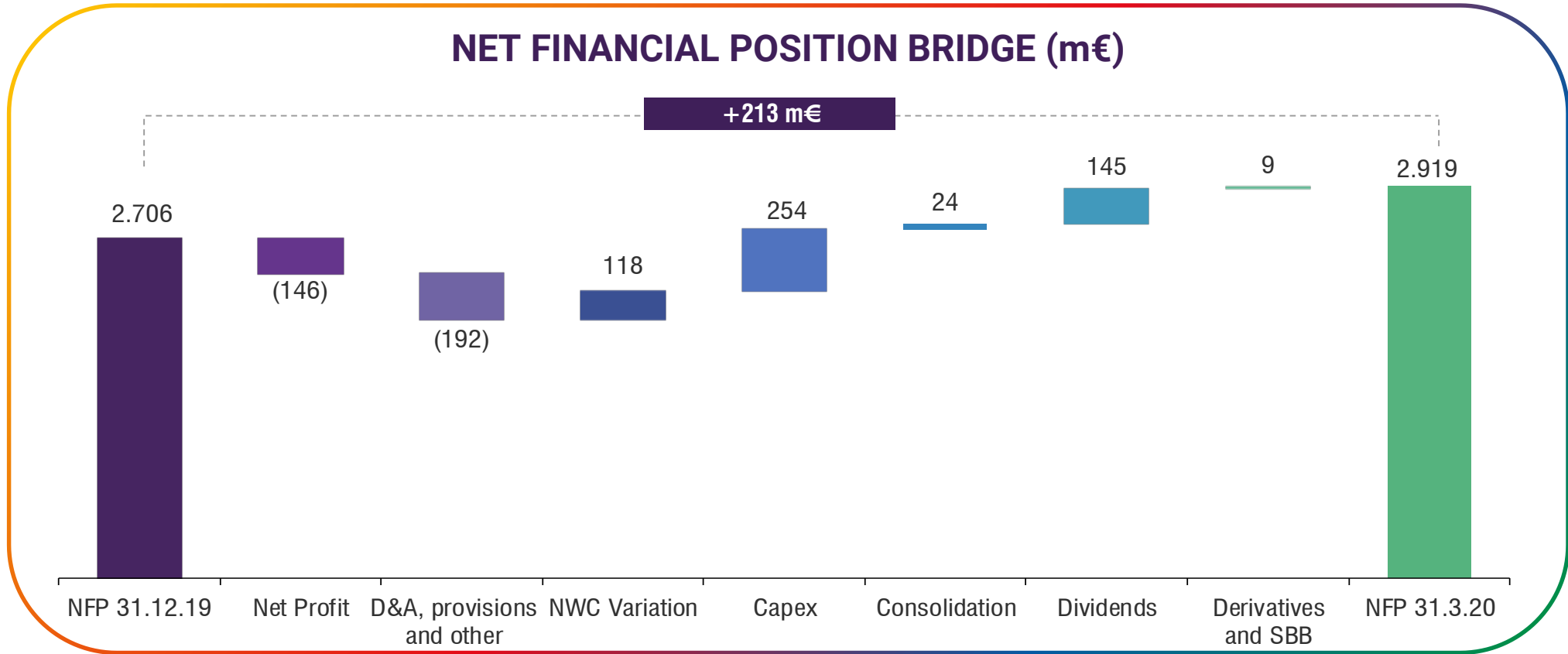


FROM EBITDA TO GROUP NET PROFIT (m€)

	1H '19	1H '20	Δ	Δ%
EBITDA	478.1	473.3	-4.8	-1.0%
<i>D&A and others</i>	-203.6	-198.8		
<i>Provisions to bad debt</i>	-16.8	-42.5		
EBIT	257.7	232.0	-25.7	-10.0%
<i>Financial charges</i>	-32.3	-32.4		
<i>Other financial</i>	4.3	2.1		
<i>Companies cons with e.m.</i>	4.7	5.0		
EBT	234.4	206.6	-27.8	-11.9%
<i>Taxes</i>	-70.2	-61.0		
<i>Minorities</i>	-13.6	-12.9		
Group net profit	150.6	132.7	-17.9	-11.9%

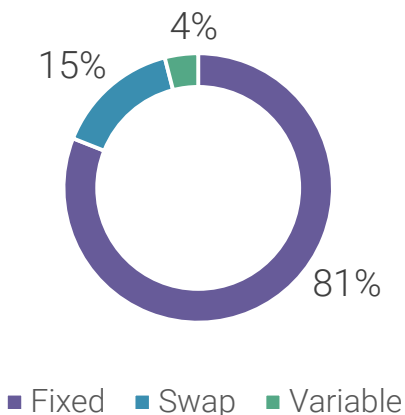
- Release of Hydroelectric provision funds for 16 m€
- Higher provisions to bad debt related to COVID emergency for 25 million euros

- Slight reduction of tax-rate at 29.5%

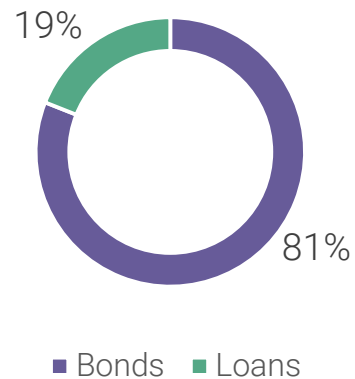


- The increase in net financial position, equal to 7.9%, led by the worsening of the working capital and the capex growth. NWC increase of 50m€ due to provision for bad debts related to Covid
- 10% increase in dividend policy, in line with our business plan assumption

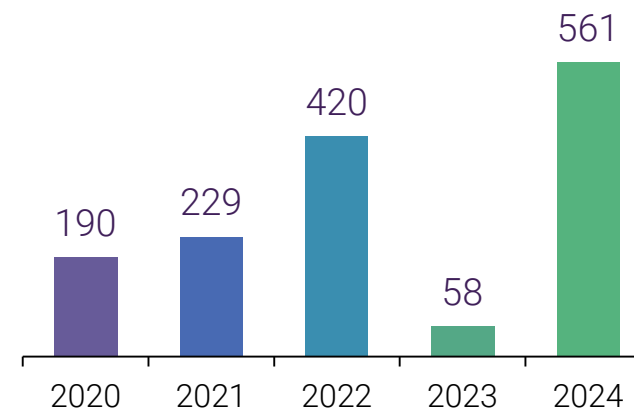
INTEREST RATE*



DEBT STRUCTURE



MATURITIES



*Last bond issue not included

- 96% of gross debt at fixed interest rate and 4% of gross debt at variable interest rate
- Average long-term debt **duration** (including the last bond issue) of about **6 years** vs 5.3 years in 1H 2019
Reduction in the **average cost of debt** (2.2% vs. 2.5% in 1H 2019)
- 62% of the Iren total debt is composed by green and **assimilated** instruments (44% Green Bond, 17% EIB loans)
- Iren is the only Italian local multiutility to have issued **3 Green Bonds** for a total size of 1.5b€

STRATEGIC DRIVERS

- Primary operator at national level in the treatment and valorization or disposal of special waste
- Widening of areas served by our activities
- Consolidation in our reference areas (Emilia Romagna and Piedmont)
- Acquisition of a strategic positioning in the waste management in Tuscany
- Growth options in the special waste segment leveraging on strong commercial expertise

2018 ECONOMICS

- Consolidated companies: no. 19
- Associated companies: no. 12
- Ebitda adj.: 17m€
- PFN adj.: 88m€



INDUSTRIAL DATA

Consolidated companies

- 15 treatment and disposal plants
- 172 kton of urban waste managed
- 25 kton of sorted waste managed
- 33 kton of special waste managed
- 355 kton of special waste intermediated

Associated companies

- 24 Treatment and disposal plants
- ~400 kton of waste managed
- 550 kton of urban waste collected
- 900k inhabitants served by collection

MAIN 1H 2020 TAKEAWAYS

- High resilience of the energy integrated value chain
- Negative Covid impact on Ebitda: 10m€
- M&A activism confirmed
- Investment plan confirmed
- Keep running in a tough environment

COVID IMPACTS ON FY 2020

The visibility achieved after the 1H leads to update the Covid impacts on FY 2020:

- Ebitda impact for 15m€ (lower than the previous prudent estimate of 25/30m€)
- Net working capital increase for around 80m€ (confirmed)
- Credit losses for around 25m€ (confirmed)

In light of the previous elements, we raise our guidance on FY 2020:

GUIDANCE ON FY 2020

- Ebitda: 905-915m€ (of which 5/7m€ from M&A)
- NFP/Ebitda: ~3.5x (of which 0.2x from M&A)
- Capex: ~650m€

Annexes

NETWORKS

	m€	1H '19	1H '20	Δ	Δ%
Revenues		482	490	8	2%
Ebitda		172	179	7	4%
<i>Electricity</i>		36	37	1	3%
<i>Gas</i>		41	41	0	0%
<i>Water</i>		95	101	6	7%
Ebit		90	81	-9	-10%
Gross Capex		114	115	1	1%

WASTE

	m€	1H '19	1H '20	Δ	Δ%
Revenues		353	350	-3	-1%
Ebitda		84	80	-4	-4%
<i>Collection</i>		25	32	7	31%
<i>Treatment & disposal</i>		59	48	-11	-19%
Ebit		37	32	-5	-13%
Gross Capex		22	28	6	26%

ENERGY

	m€	1H '19	1H '20	Δ	Δ%
Revenues		785	551	-234	-30%
Ebitda		166	127	-39	-24%
<i>Hydro&Renewables</i>		41	31	-10	-24%
<i>Thermo/Coge, DH</i>		120	92	-28	-23%
<i>Energy efficiency</i>		5	4	-1	-13%
Ebit		102	73	-29	-28%
Gross Capex		22	66	44	n.s.

MARKET

	m€	1H '19	1H '20	Δ	Δ%
Revenues		1.512	1.073	-439	-29%
Ebitda		55	86	31	57%
<i>Electricity</i>		9	31	22	n.s.
<i>Gas&Heat</i>		46	55	9	20%
Ebit		29	45	16	54%
Gross Capex		21	23	2	7%

	1H'19	1H'20	Δ%
Gas Demand (<i>bcm</i>)	40.1	35.8	-10.8%
TTF <i>€/000 scm</i>	166	80	-52.1%
PSV <i>€/000 scm</i>	198	97	-51.1%
Energy Demand (<i>Twh</i>)	157.3	143.5	-8.8%
PUN (<i>€/Mwh</i>)	55.1	32.2	-41.5%
CO2 <i>€/Ton</i>	23.8	22.0	-7.7%
Green Cert. Hydro (<i>€/Mwh</i>)	92.1	99.1	+7.5%
TEE (<i>€/TEE</i>)	260.0	265.0	+1.9%

	FY '19*	1H '20
Net fixed assets	6,101	6,133
Net Working Capital	166	284
Funds	-625	-577
Other assets and liabilities	-284	-287
Net invested capital	5,358	5,553
Group Shareholders' equity	2,652	2,634
Net Financial Position	2,706	2,919
Total Funds	5,358	5,553

* Restated