29th of August 2012

2012 – 1H Results

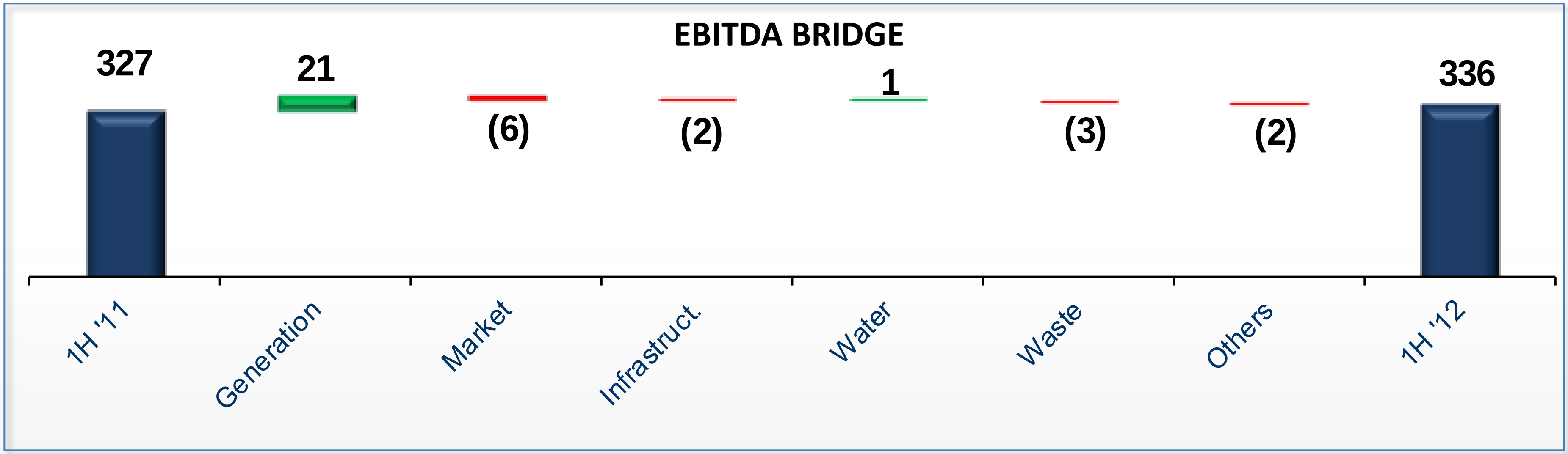
1H 2012 – Good operating results.

EURm	1H '11	1H '12	Δ	Δ %
REVENUES	1,686	2,267	*+580.8*	*+34.4%*
EBITDA	327	336	*+9.5*	*+2.9%*
EBIT	194	195	*+1.3*	*+0.6%*
NET PROFIT	96	75	*-21.0*	*-21.8%*
CAPEX	237	108	*-129.3*	*-54.6%*
NFP	2,653*	2,654	*+1.0*	-

- **Revenues up by 34.4%:** The strong increase in revenues is mainly due to higher commodity prices and to higher energy volumes sold.
- **EBITDA +2.9%:** The growth in EBITDA was driven mainly by the excellent performance in Hydro and Heat, together with the repayment of Telessio stranded costs (+16€m), which were partially offset by a worsening in electricity scenario.
- **EBIT +0,6%:** Stable EBITDA in spite of higher D&A.
- **Net profit -21.8%:** Positive operating performances are not reflected in Net profit, because of higher financial charges, the new Robin Tax Formula and one-offs.
- **Investments** stood at 108 €m: a strong decrease (-54.6%) compared to 1H 2011, that follows 1Q 2012 trend, in line with the cut in capex planned in 2012, marking the approach of the end of IREN's strategic investments cycle.
- **NFP stable:** A remarkable result (approx. -240€m) compared to 1Q 2012, which reflects the positive impact of the further efforts of the Group in keeping working capital and debt under control.

*As 31.12.2011

EBITDA BRIDGE: Increase in EBITDA driven by good results in Generation.



- **EBITDA bridge - Key Elements:**
  - Higher hydroelectric volumes (in countertrend compared to national production) sold at higher prices, together with the Telessio one-off (repayment for stranded costs) and positive performance in Heat more than offset the decrease reported in Market SBU, leading unregulated activities to a positive result (+15€m).
  - Good results in Heat infrastructures did not completely offset a slight decrease in Gas/Electricity. networks
  - Stable margins in Water cycle.
  - The drop in Waste is due mainly to positive non-recurrent revenues reported in 1H 2011 (1,5€m) and to a decrease in special waste volumes treated.

GENERATION OF ELECTR. AND HEAT: Higher volumes and a positive one-off more than offset squeeze in margins in cogen.

1H '12 vs. 1H '11

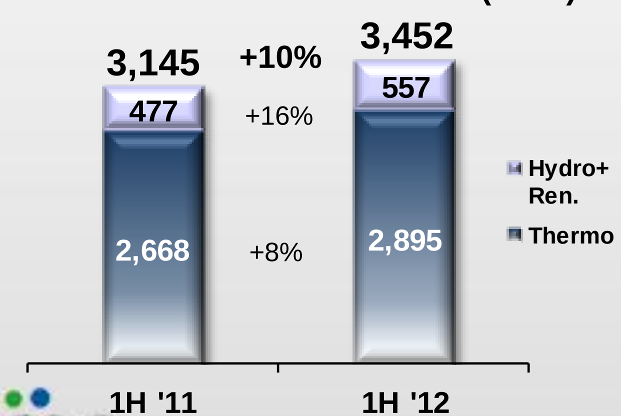
- **Higher volumes and profitability in Hydro.** IREN's hydro production stood at 548 Gwh (+16% IREN vs -21% at national level) thanks also to the contribution of the full repowered Valle Orco plant.
  Telessio's positive one-off (stranded costs repayment) is worth 16€m.

- **Drop in electricity Cogen** due to lower spark-spread (though slightly better than 1Q 2012) and lower profitability on MSD market.

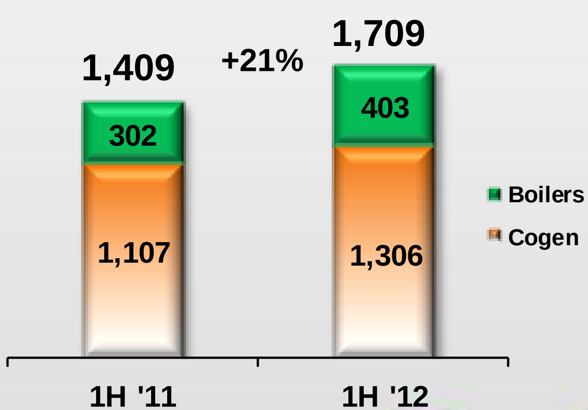
- **Strong improvement in DH** thanks mainly to higher volumes, linked to Turin North's coming on stream and lower temperature reported during the winter season.

	1H '11	1H '12	Δ€m	Δ%
Revenues	371	520	149	40%
EBITDA	85	106	21	25%
EBIT	42	64	22	50%
CAPEX	71	2	(69)	-98%

ELECTRICITY PRODUCTION (GWh)



HEAT PRODUCTION (GWht)



iren

MARKET: Improvement in gas sector didn't completely offset the performance in electricity market.

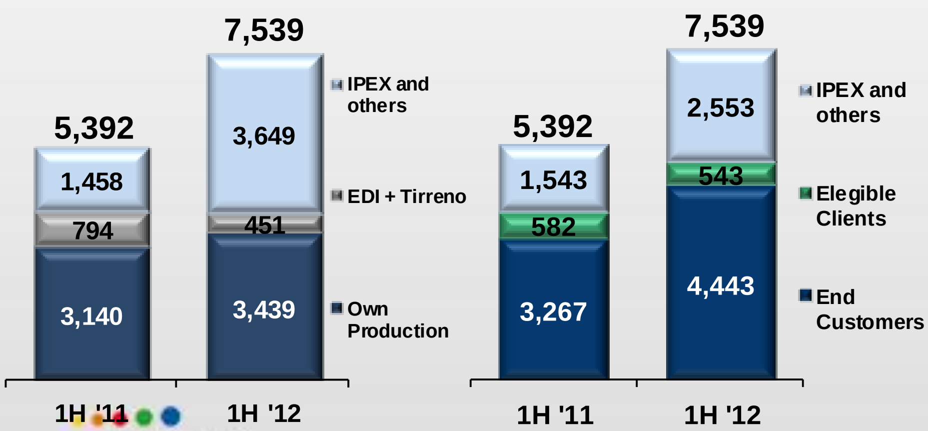
1H '12 vs. 2H '11

- **Gas and Heat Sales:** The positive trend reported in 1Q 2012 continues thanks to an optimized procurement portfolio which allowed the Group to exploit flexibility, and thanks also to trading policy and to volumes increase.
- **Increase in volumes sold and profitability** was more than offset by the negative impact of Edipower tolling.
- **Market expansion**: steady increase (+5%) in the electricity client-base in 1H 2012, compared to 1H 2011.

	1H '11	1H '12	Δ€m	Δ%
Revenues	**1,484**	**2,195**	**711**	**48%**
EBITDA	**45**	**39**	**(6)**	**-14%**
Electricity	*6*	*(3)*	*(9)*	*n.a.*
Gas & Heat	*39*	*42*	*3*	*8%*
EBIT	**36**	**26**	**(10)**	**-27%**
CAPEX	**3**	**5**	**2**	**81%**

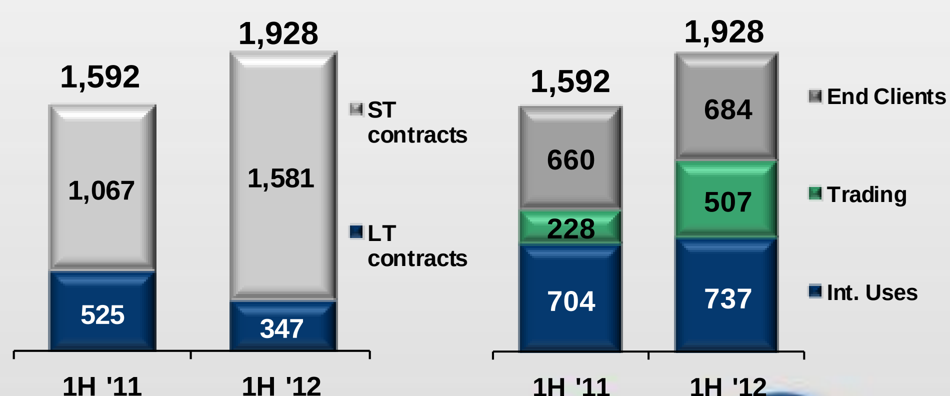
ELECTRICITY PORTFOLIO (GWh)

Sources* Uses*



GAS PORTFOLIO (MCM)

Sources Uses



iren

*net of "pass-through traded Ipex quantities"

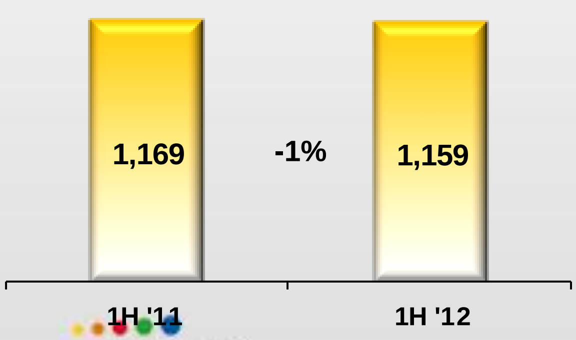
ENERGY INFR.: stable profitability.

1H ’12 vs. 1H ’11

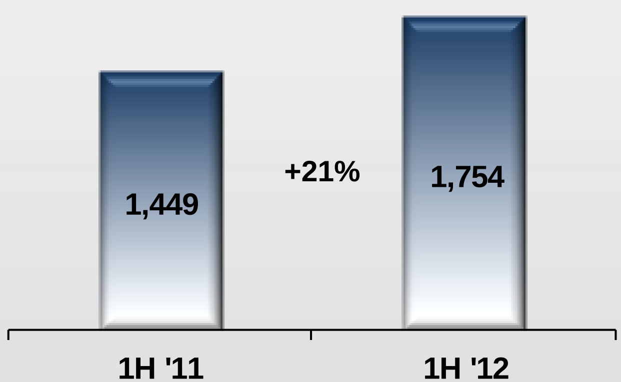
- **Gas networks:** Achieved synergies did not completely offset the decrease in revenues, which is partially reflected on EBITDA.
- **Electricity networks:** Profitability was affected mainly by “White certificates” balance.
- **DH Networks:** The positive effects on EBITDA (+20%) of the development of DH network, already reported 1Q 2012, continues and it will underpin the SBU throughout the year.

	1H '11	1H '12	Δ€m	Δ%
Revenues	**217**	**214**	**(3)**	**-1%**
EBITDA	**109**	**107**	**(2)**	**-1%**
Electricity	*40*	*36*	*(4)*	*-10%*
Gas	*49*	*47*	*(2)*	*-3%*
Heat	*20*	*24*	*4*	*20%*
EBIT	**77**	**75**	**(2)**	**-2%**
CAPEX	**77**	**52**	**-25**	**-33%**

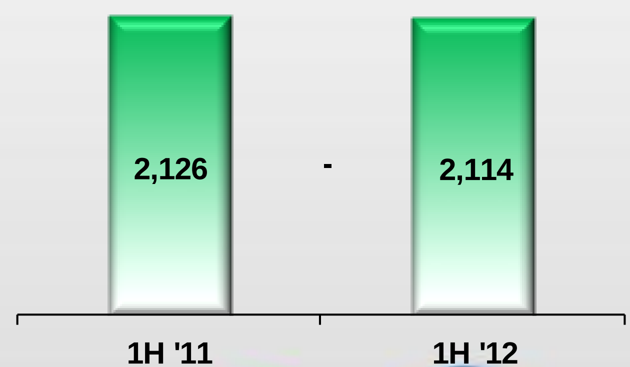
GAS DISTRIBUTED (MCM)



HEAT DISTRIBUTED (GWht)



ELECTRICITY DISTRIBUTED (GWh)



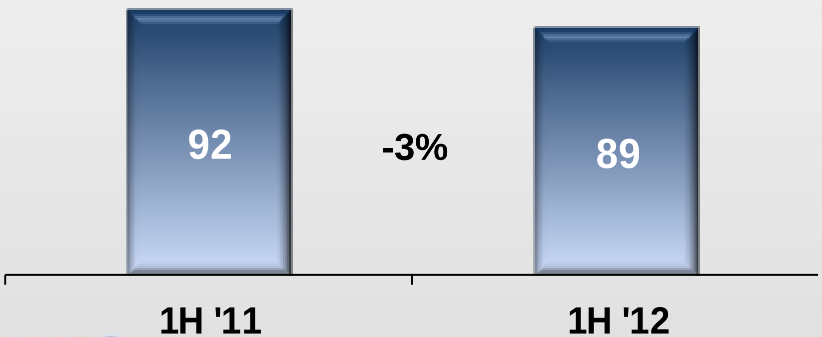
WATER: stable performance in spite of growth in electricity costs and lower volumes distributed.

1H ’12 vs. 1H ’11

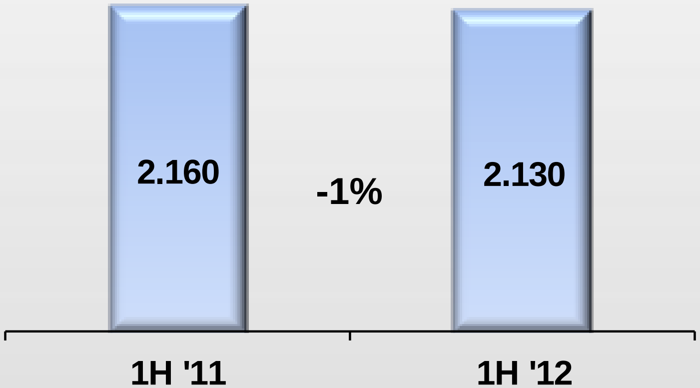
- **Stable Revenues:** Tariff increase in all the ATOs more than offset the change in consolidation perimeter (-4€m).
- **Slight increase in EBITDA** thanks to tariff growth and synergies, which more than offset higher costs for pumping.

	1H '11	1H '12	Δ€m	Δ%
Revenues	212	213	1	1%
EBITDA	58	59	1	2%
EBIT	25	22	(3)	-12%
CAPEX	36	32	-4	-11%

WATER SOLD (MCM)*



INHABITANTS SERVED (‘000)*



** Net of the change in SAP consolidation perimeter volumes sold would have been substantially stable..*

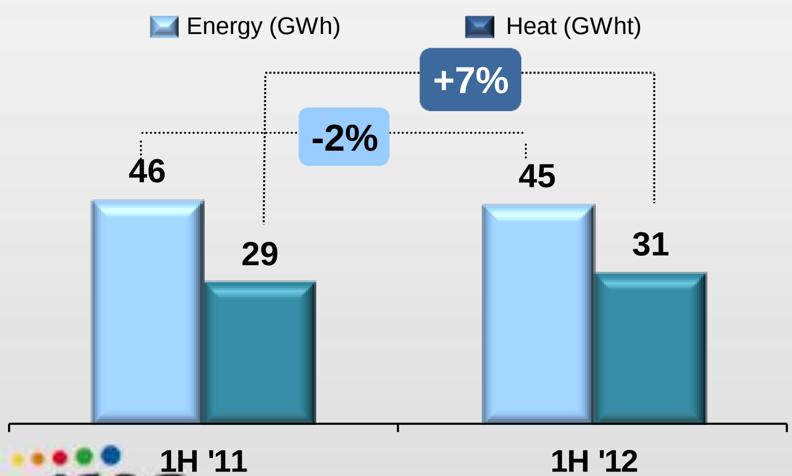
WASTE: Tariff increase did not completely offset lower volumes and higher collection costs.

1H ’12 vs. 1H ’11

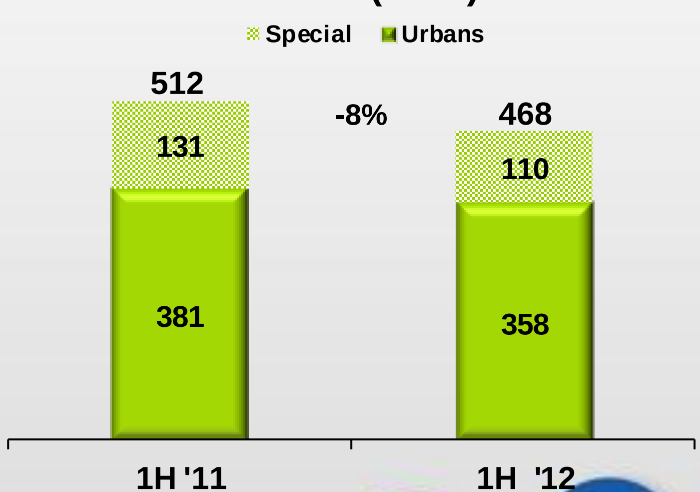
- **Stable revenues:** thanks to higher revenues from collateral services, which offset the change in consolidation perimeter.
- **Decrease in EBITDA** is mainly attributable to a positive non-recurrent element reported in 1H 2011, lower volumes treated and higher costs in sorted waste.
- Sorted waste percentage very close to 60%.

	1H '11	1H '12	Δ€m	Δ%
Revenues	107	106	(1)	-1%
EBITDA	24	21	(3)	-12%
EBIT	10	7	(3)	-35%
CAPEX	43	13	-30	-71%

WTE - Energy and Heat production



Waste (Kton)



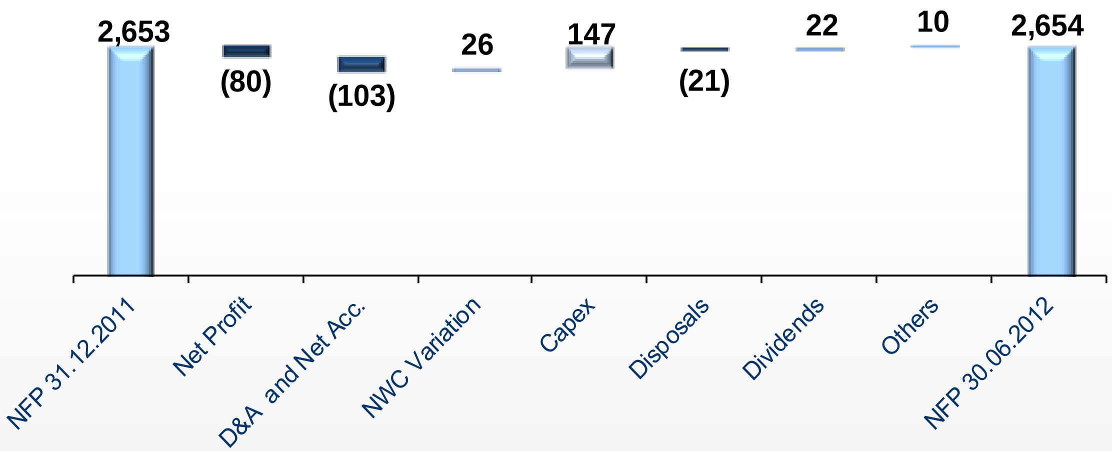
From EBIT to Net Profit

	1H '11	1H '12	Δ%
EBIT	**194.1**	**195.4**	**+0.6%**
Financial charges	***(31.6)***	***(44.9)***	
Companies consolidated with E.M.	***8.8***	***12.1***	
Adj. in participations	***(0.4)***	***(10.2)***	
EBT	**171.0**	**152.4**	**-10.8%**
Taxes	***(72.3)***	***(73.5)***	
Net profit from ceased activities	***0.9***	***0.9***	
Minorities	***(3.3)***	***(4.6)***	
Group net profit	**96.3**	**75.2**	**-21.8%**

- **Increase in financial charges** caused by higher interest rate and debt.
- Write-down of Sinergie Italiane stake.
- **Slight increase in tax-rate** due to the new Robin-Tax Formula.

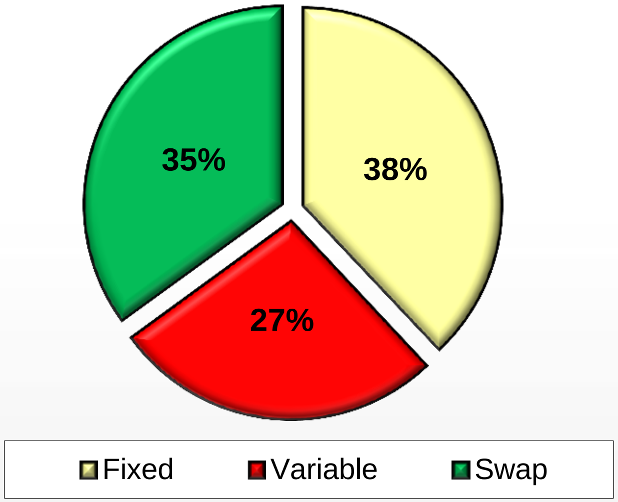
CASH-FLOW & DEBT STRUCTURE

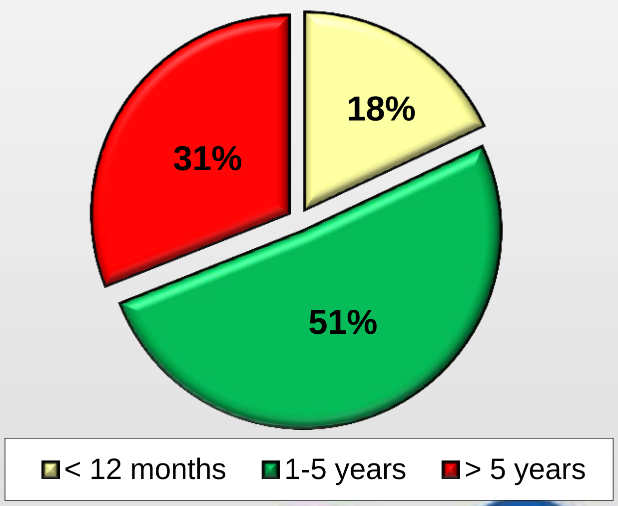
NFP Bridge 30.06.2012



- Stable NFP driven mainly by a remarkable improvement in NWC management and by cutting in capex in line with budget. Relevant decrease in NFP compared to 1Q 2012 (~240€m).
- Average long-term debt duration of about 4.3 years. All the M/L Term debt expiring in 2012 has already been covered.
- 27% of net debt at variable interest rate.
- 1H 2012 average cost of debt stood at 3.91, (vs. 2.97% in 1H 2011)..

Interest rate* and Debt Structure**





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

Annexes

Market Scenario

- **In 1H 2012 Brent average price** stood at 113.6 $/bbl, substantially stable compared to 1Q 2011.
- **USD/€ exchange rate** was 1.30, -8% YoY.

- **Gas demand fell by** 2%, mainly because of the drop in thermal usage (-12,4%).
- **Gas purchase formula is still higher than the sale one,** impacting margins on gas.

- **Energy demand negative trend continues, with a 2% decrease**. (far lower compared to the pre-crisis level
- -5,1%)

- **The FY average pool-price** stood at 77.5 €/MWh with a significant growth in the region of 15%. This growth, however, is lower compared to the average gas purchase formula for fuelling CCGTs

	1H '11	1H '12	Δ %
Brent USD / bbl	111.1	113.6	2%
USD / €	1.40	1.30	-8%
Brent € / bbl	79.1	87.3	10%
Gas Demand (bcm)	42.0	41.0	-2%
Gas Release 2*, € / 000 scm	320	441	38%
CCI, €/ 000 mc	302	389	29%
Energy demand (Twh)	165.4	160.8	-3%
PUN (€ /MWh)	67.4	77.5	15%
CO2 (€ /Ton.)	15.6	7.3	-53%
Green Cert. Hydro (€ /MWh)	84.2	78.4	-7%

Balance Sheet

€ m	30.06.2012	31.12.2011
Net fixed assets	4,662	4,653
Net Working Capital	314	288
Funds	(394)	(417)
Other assets and liabilities	(31)	(27)
Net invested Capital	4,551	4,497
Net Financial Position	2,654	2,653
Group shareholders' equity	1,897	1,844
Total Funds	4,551	4,497

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.

This document was prepared by IREN mainly for use during meetings with investors and financial analysts.
This document does not constitute an offer to sell or a solicitation to buy or subscribe shares and neither this entire document or any portion of it may constitute a basis or provide a reference for any contract or commitment.
Some of the information contained in this document may contain projected data or estimates that are based on current expectations and on opinions developed by IREN and are based on current plans, estimates, projections and projects. Consequently, it is recommended that they be viewed as indicative only.
Projected data and estimates entail risks and uncertainties. There are a number of factors that could produce significant differences between projected results and actual results. In addition, results may be affected by trends that are often difficult to anticipate, are generally beyond IREN’s control and could produce results and developments that are substantially different from those explicitly or implicitly described or computed in the abovementioned projected data and estimates. The non-exhaustive list that follows being provided merely by way of example, these risks include: significant changes in the global business scenario, fluctuations in the prices of certain commodities, changes in the market’s competitive conditions and changes in the general regulatory framework.
Notice is also given that projected data are valid only on the date they are produced. Except for those cases in which the applicable statutes require otherwise, IREN assumes no obligation to provide updates of the abovementioned estimates and projected data.
All data in this document are *pro-forma*.