



16th March 2017

2016 – FY Results

2016 FY Results exceeding BP@2021 objectives, thanks to the Group's achievements...

Strengthening the role of IREN as leading consolidator in its reference areas thanks to the acquisition of several entities of which:

Integrally consolidated

CONSOLIDATION

- **TRM** (WTE in Turin) = +40m€ (EBITDA)
- **ATENA** (Multiutility in Vercelli – Turin province) = +10m€ (EBITDA)
- **REI** (Landfill for special waste in Turin province) = positive effect starting from 2Q 2017
- **SAP** (acquisition of residual water concessions) = positive effect starting from 2017.

Consolidated with the equity method

- **GAIA** (tender won in November 2016) = 45% of the share capital from February 2017
- **RECOS** (September 2016) = 25.5% of the share capital

31m€ synergies deriving from:

SYNERGIES

- **Company rationalization** – 6 business companies generating 95% of Group's EBITDA.
- **Setting-up of IRETI** – A single company managing all the networks-based business of the Group.
- **Process streamlining** – Thanks to approximately 40 performance-improvement initiatives, destined to become approximately 100 in the next few years, and ICT systems integration.
- **Redundancy scheme** – Full deployment of the early-retirement initiative for a total of approximately 12m€ of synergies on labor costs.



...and supportive energy scenario positively affecting organic growth.

70 Million of organic growth deriving from an effective and active management of the opportunities offered by the scenario.



- Improved spark-spread compared to 2015 thanks to a sharper decrease in gas price over the decrease in electricity prices.

GENERATION

- Significant increase in PUN in the last quarter of the year thanks mainly to the French nuclear plants outage which led to a further improvement in spark-spreads.

ENERGY SUPPLY

- Stunning margins stemming from a sound hedging policy and a sound re-pricing strategy exploiting the temporary widened gap between procurement costs and sale prices and a further improved commercial approach.
- Positive regulation changes related to commercial costs recovery (PCV, RCV)

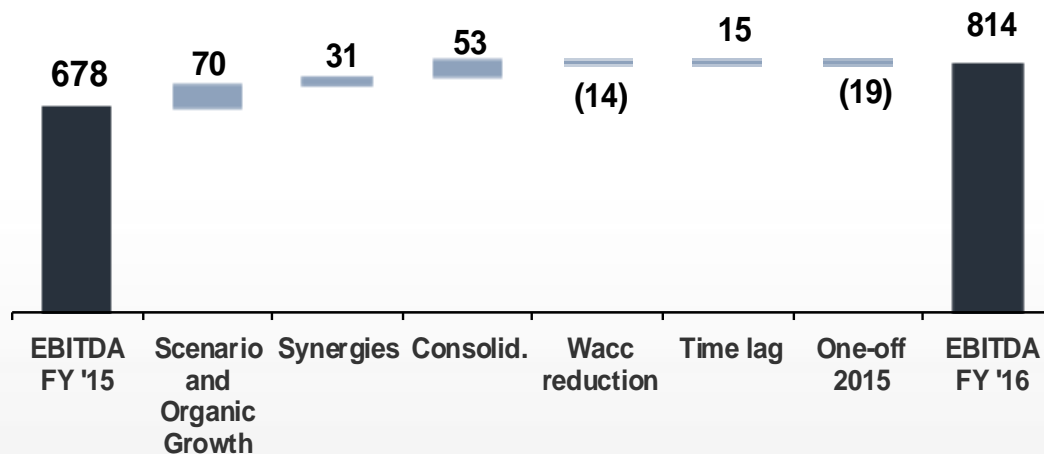


FY 2016: Positive results exceeding expectations.

Income statement

	<i>m€</i>	FY '15	FY '16	Δ	Δ%
Revenues		3,094	3,283	189	6.1%
Ebitda		678	814	136	20.1%
Ebit		347	427	80	23.1%
Net profit		118	174	56	47.2%

Ebitda Bridge



- **Revenues +6.1%:** growth in revenues linked mainly to higher commodities price reported in the last quarter of the year.
- **Ebitda +20.1%:** positive performance driven by organic growth and favorable scenario (+70m€), along with the achievement of the expected synergies (31m€) and the change in the perimeter (+53m€ mainly for TRM and ATENA consolidation).
- **Ebit +23.1%:** reflecting good operating results which more than offset higher D&A, linked to TRM and higher provisions relating to a number of non-recurring elements.
- **Net profit +47.2%:** benefitting from the increase in EBIT and from an adjustment in participations which offset higher financial charges and taxes.

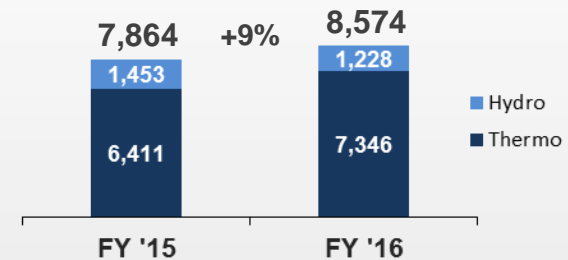
GENERATION AND DH – Higher volumes supported by improved scenario.

- Active exploitation of the positive scenario drove the excellent 2016 performance, in spite of lower hydroelectric volumes.
- Generation sector's** significant growth stemmed mainly from higher spark-spreads and improved ancillary service margins thanks to the flexibility of the company generation fleet.
- Hydroelectric sector's** hit by both a fall in electricity price and lower electricity and green cert. production.
- Volume expansion:** +3mcm of additional volumes heated. This structural growth will positively impact margins from this year onwards.

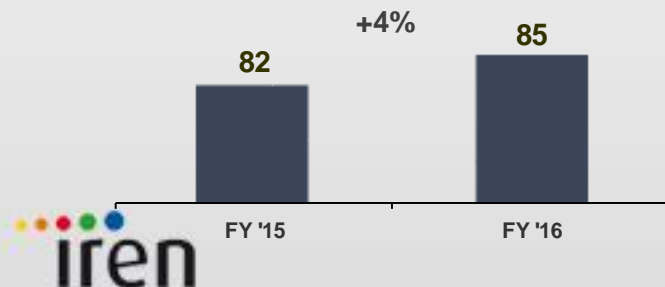
Outlook: In the first months of 2017 a supportive energy scenario has been still in place. Volumes heated growth, a recovery in hydroelectric production and good marginality on the electricity market will however support the performance of the BU.

	m€	FY '15	FY '16	Δ	Δ%
Revenues		813	908	95	12%
Ebitda		199	234	35	18%
Ebit		74	104	30	39%
Gross Capex		36	60	24	66%

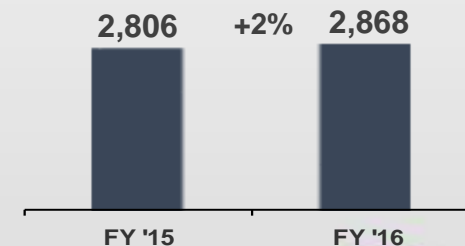
ELECTRICITY PRODUCTION (GWh)



DH VOLUMES HEATED (MCM)



HEAT PRODUCTION (GWht)



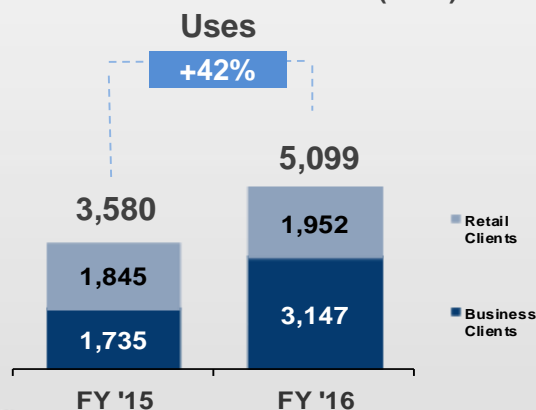
MARKET – Active exploitation of the scenario.

- Supportive price trend and hedging opportunities
- Active client management and client-base growth:
 - +42% electricity volumes sold to end Clients.**
 - 1.6m Clients (+93k additional Clients, of which 54K from Atena consolidation).**
- Regulatory update (PCV, RCV)
- Strong improvement in shipping and logistics policy (gas)

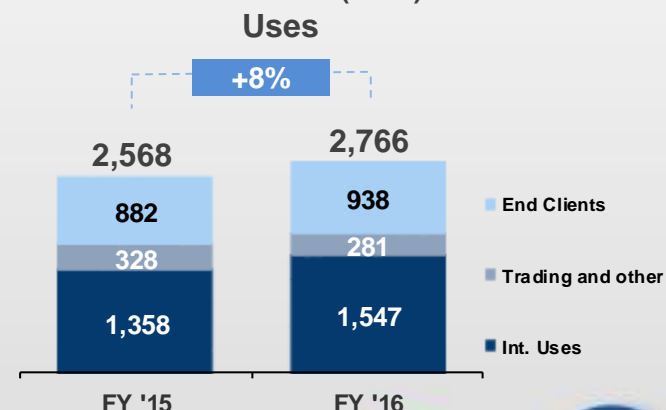
Outlook: The 2016 was positively affected by favorable scenario (+20m€). The strategic focus will be on the “New Downstream” project aimed at improving the offer: innovative and more efficient domestic energy uses, higher loyalty, stable churn-rate.

	m€	FY '15	FY '16	Δ	Δ%
Revenues		2,377	2,187	-190	-8%
Ebitda		87	134	47	55%
	<i>Electricity</i>	13	52	39	<i>n.r.</i>
	<i>Gas&Heat</i>	74	82	8	11%
Ebit		41	79	38	92%
Gross Capex		14	16	2	14%

ELECTRICITY PORTFOLIO* (GWh)



GAS PORTFOLIO (MCM)



*net of Ipx, wholesalers and other

NETWORKS – Synergies offsetting wacc reduction.

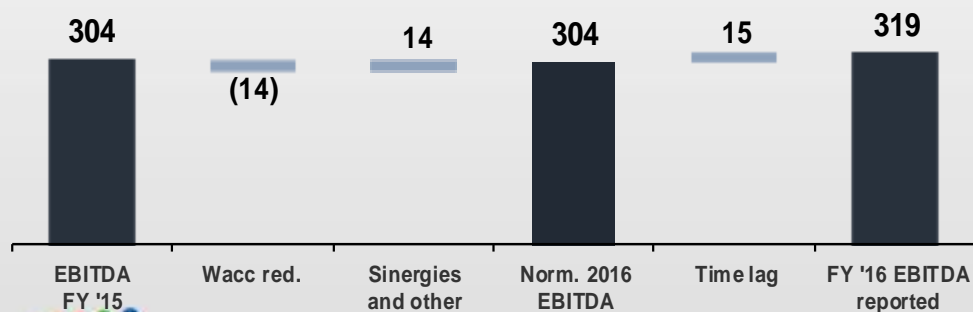
- **Energy networks:** the positive impact of the time-lag mechanism on the electricity network (+15m€) and the achievement of significant synergies more than offset the reduction in Wacc and the absence of positive equalization reported in 2015.
- **Water networks:** The slight increase in EBITDA is linked mainly to the change in perimeter (SAP concessions).

	m€	FY '15	FY '16	Δ	Δ%
Revenues		859	854	-5	-1%
Ebitda		304	319	15	5%
	<i>Electricity*</i>	76	83	7	10%
	<i>Gas</i>	72	73	1	1%
	<i>Water</i>	156	163	7	4%
Ebit		196	183	-13	-7%
Gross Capex		161	149	-12	-8%

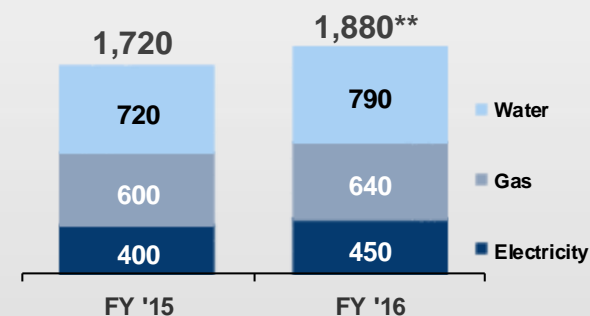
*15m€ time-lag effect

Outlook: The IRETI set-up will drive the exploitation of further synergies .

EBITDA Bridge



RAB evolution



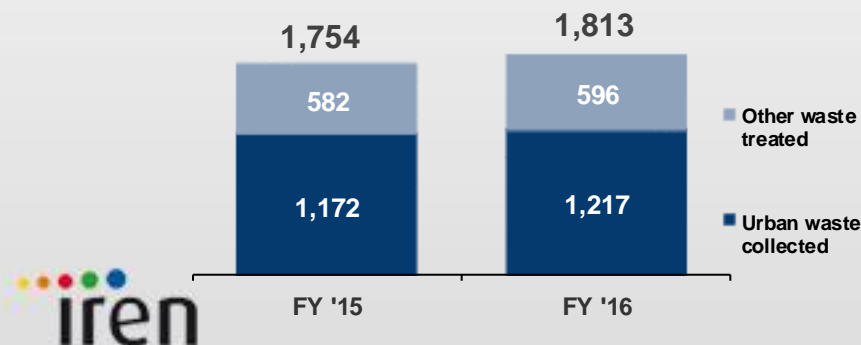
WASTE – Performance driven by consolidation and internal growth.

- **Consolidation:** approximately 40m€ of additional margin coming from TRM. The contribution of the recently acquired R.E.I. landfill will start from 2Q 2017.
- **Internal Growth:** Synergies exploitation together with higher saturation of PAI thanks to its use for disposal of **Reggio Emilia urban waste**.
- **The growth in EBITDA is magnified at the EBIT level** (4x 2015 results).

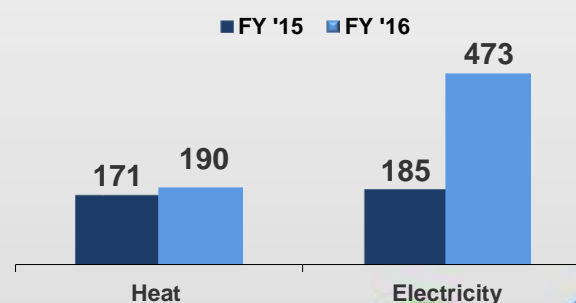
	m€	FY '15	FY '16	Δ	Δ%
Revenues		463	502	39	8%
Ebitda		65	119	54	83%
Ebit		10	53	43	n.s.
Gross Capex		21	23	2	8%

Outlook: Further saturation of the WTE plants along with strong push on the adoption of modern “pay-as-you-throw” sorted waste collection systems, synergistic with the expected development of IREN’s treatment plant portfolio.

Waste (Kton)



WTEs - Electricity and Heat sold (GWh)

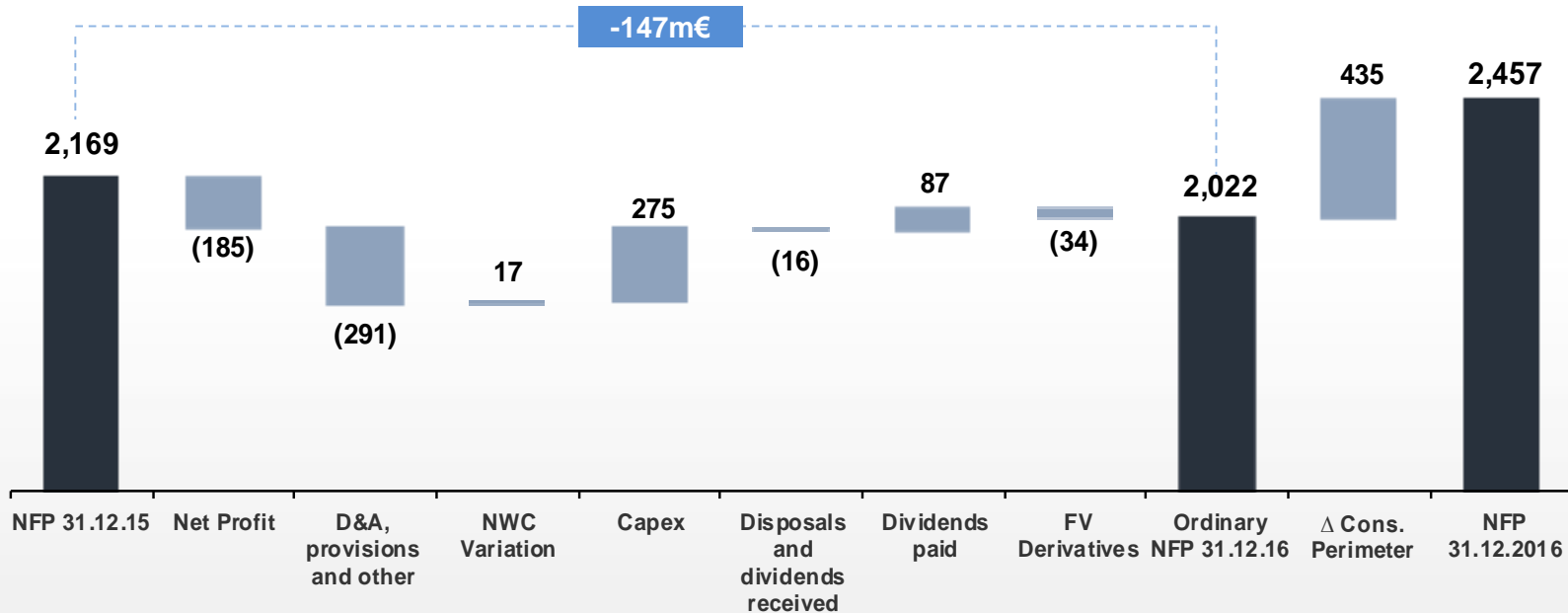


From EBITDA to Net Profit.

	FY '15	FY '16	Δ	Δ%
EBITDA	677.8	814.2	136.4	20.1%
	<i>D&A</i>	-267.6		
	<i>Provisions</i>	-63.3		
EBIT	346.8	426.8	80.0	23.1%
	<i>Financial charges for loans</i>	-79.0		
	<i>Other financial charges</i>	-15.8		
	<i>Companies cons with e.m.and adj.</i>	-6.3		
EBT	245.7	303.4	57.7	23.5%
	<i>Taxes</i>	-105.7		
	<i>Minorities</i>	-21.9		
Group net profit	118.2	174.0	55.8	47.2%

- **Higher D&A** linked mainly to TRM consolidation.
- Higher provisions related to a number of extraordinary items for approx. 20m€ (BDP stable).
- **Higher Financial charges for loans** due to TRM consolidation.
- Higher non-recurring “other financial charges” due to **liability management operations** (including the cost for the early redemption of a puttable bond, effective in Q4 2017 in terms of reduction in cost of debt).
- Adj. in TRM participation value.
- Net of the extraordinary item relating to a litigation with the Italian Revenue Agency **the tax rate would have been ~35%**.

Cash-flow and NFP Bridge.

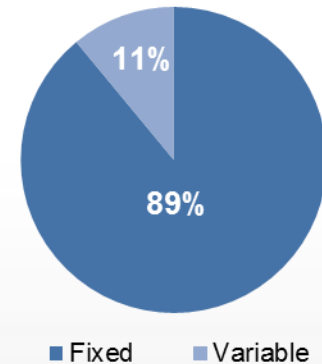


- Net of the effect deriving from TRM consolidation and other minor acquisitions, the net debt would have reported a **147m€ decrease**, thanks to an effective NWC management and higher CF.
- **Net Debt/EBITDA equal to 3.0x**, declining from 3.2x reported in 2015. The result is even more significant on a like-for-like basis: 2.7x

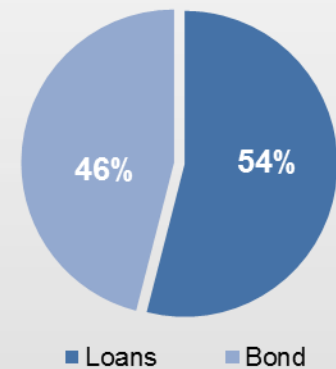
Interest rate and debt structure.

- 89% of gross debt at fixed interest rate.
- Average long-term debt duration of about 5.1 years.
- Cost of debt in line with 2015 (3.4%) in spite of the TRM negative impact (+0.2%).
- IREN's debt is formed of:
 - 46% bonds
 - 32% EIB loans
 - 22% other loans

Gross debt interest rate

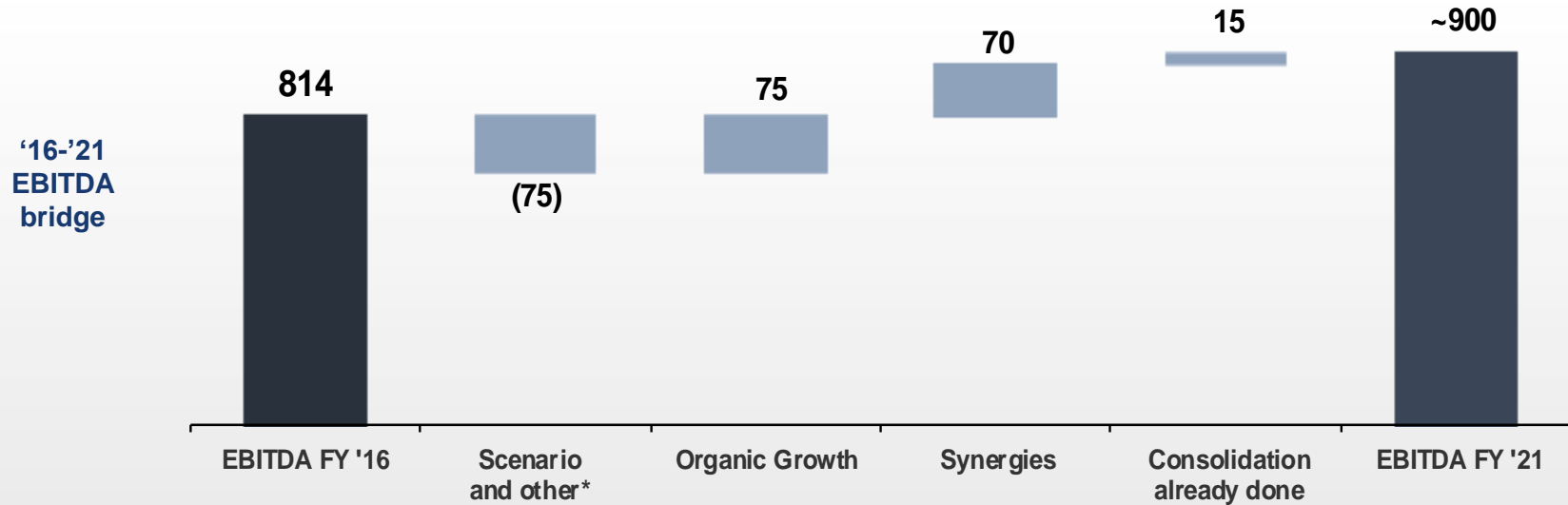


Debt structure



Actual progress vs. business plan targets.

'15-'21 EBITDA bridge	EBITDA FY '15	Scenario and one-offs	Organic Growth	Synergies	Consolidation already done	EBITDA FY '21
	678	(50)	105	100	70	~900



- We confirm our scenario assumptions
- Improved visibility on organic growth and synergies achievements

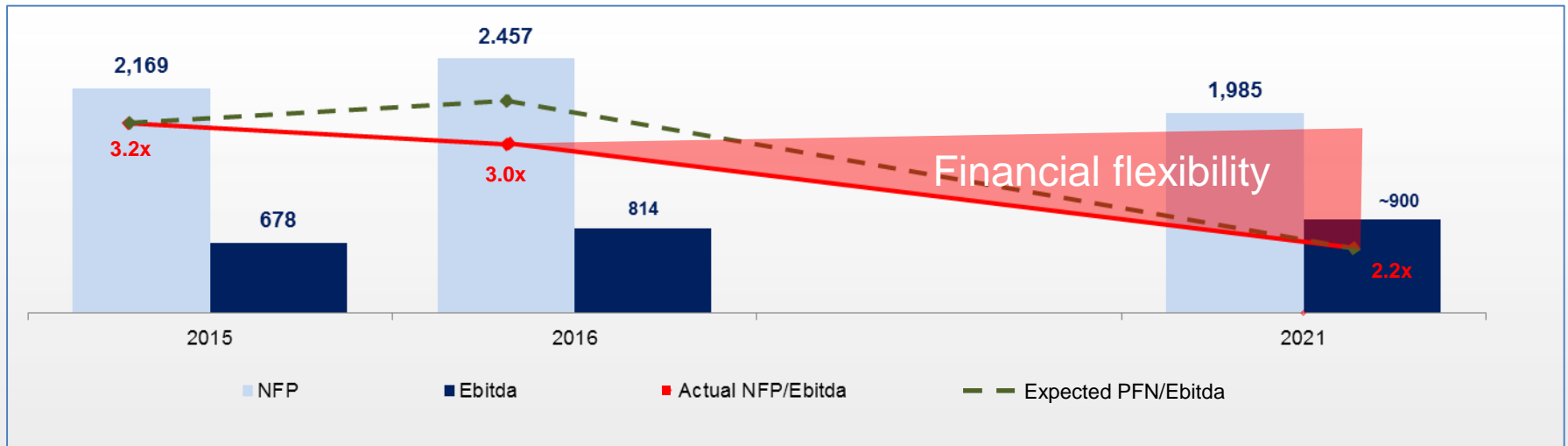


*-40m€ expiring GC; -20m€ non-recurring scenario; -15m€ time-lag

Closing remarks.

The excellent operating performances (EBITDA +20.1%; NP + 47.2%) and the effectiveness in debt reduction have led to the earlier than expected achievement of a NFP/EBITDA ratio of 3.0x, allowing for a higher dividend per share distribution for the second consecutive year.

NFP and NFP/EBITDA ratio



DPS proposed: 0.0625 €/sh. (+14% vs 2015; + 6% vs BP target)

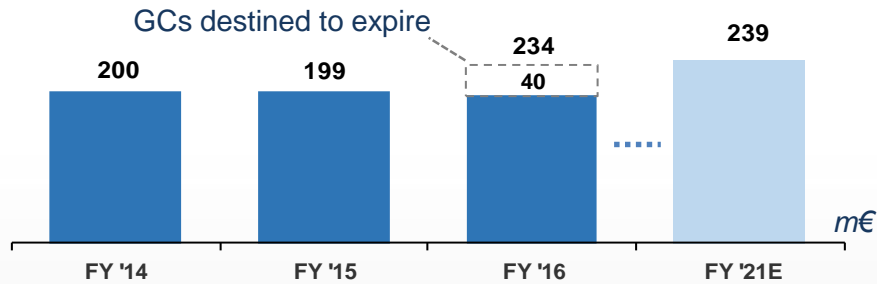


Annexes



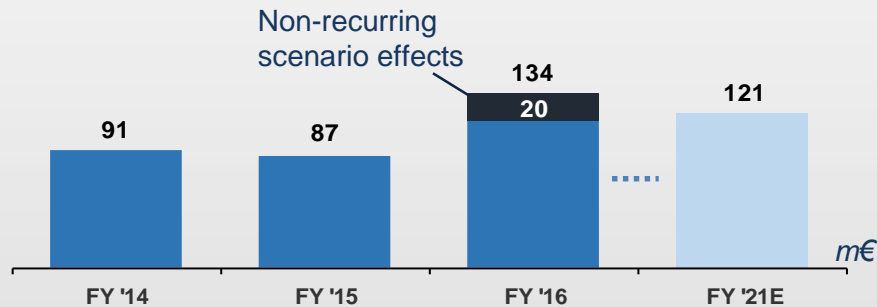
EBITDA progress by SBU.

GENERATION AND DH



- Scenario assumptions confirmed:
 - PUN@2019 51.8€/Mwh; PUN@2021 54.7€/Mwh
 - SS@2019 4.5€/Mwh; SS@2021 4.8€/Mwh
- Significant investments in DH expansion which will exceed 95mcm of heated volumes.
- EBITDA substantially stable in spite of GCs Expiry worth ~40m€.
- 2017-2021 Capex 515m€.

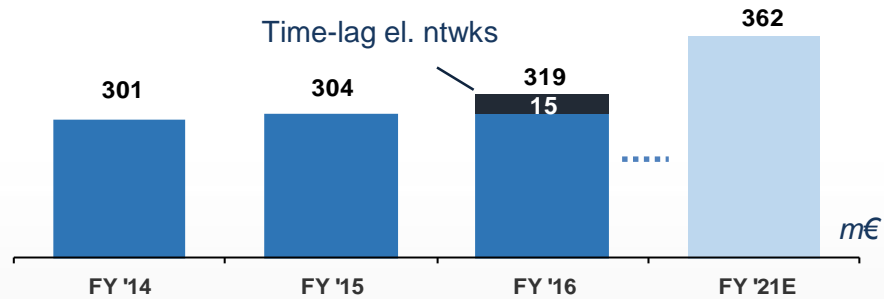
MARKET



- Client base growth trend and business plan targets confirmed: 1.9m@2021.
- Exploiting the full deployment of the “New downstream” policy and the full liberalization of electricity market.
- 2017-2021 Capex 125m€.

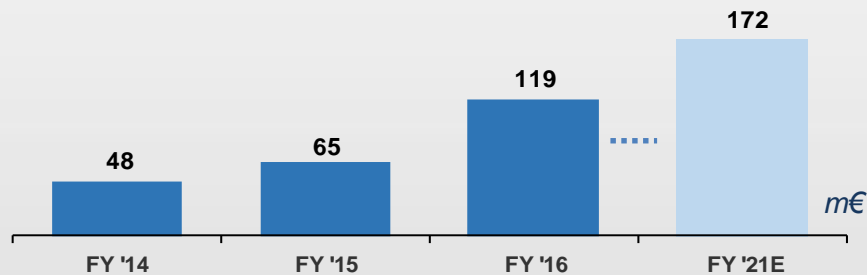
EBITDA progress by SBU.

NETWORKS



- Significant RAB increase through organic and external growth (gas tenders in Parma and Vercelli).
- Important synergies stemming from the setting up and full operation of IRETI.
- 2017-2021 Capex 920m€.

WASTE

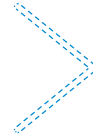


- Development of sorted waste treatment plants together with a significant increase in special waste collection and trading.
- Full deployment of the consolidation of TRM/AMIAT and selective exploitation of M&A operations in the sector.
- 2017-2021 Capex 235m€.

IREN at a glance (2016).



>7 million
Inhabitants in IREN's reference areas



Customers:

- ~1.6M in the energy sector
- ~2.7M served inhabitants in the water service
- ~2.1M served inhabitants in the waste sector
- ~1.0M served inhabitants in district heating
- >3.5 services provided per clients

REGULATED ACTIVITIES (45% OF EBITDA)

ENERGY INFRASTRUCTURE

- **Electricity distribution:** 7,700km covered
- **Gas distribution:** 8,000km covered

WATER SERVICE

- ~18,500km of water pipes
- 170 mcm distributed volumes

URBAN WASTE COLLECTION

- 147 municipalities covered
- 1.2m tons Municipal waste collected
- 59% of sorted waste (v. national avg. 47.5%)

QUASI REGULATED ACTIVITIES (26% OF EBITDA)

HYDROELECTRIC GREEN CERT.

- 600 GWh GCs produced through hydro generation

DISTRICT HEATING

- >900km of pipes and 850,000 inhabitants covered
- 85mcm of district heated volumes
- 2.9 Twh volumes produced

URBAN WASTE DISPOSAL

- 3 Waste To Energy plants (~800Kton/y)

UNREGULATED ACTIVITIES (29% OF EBITDA)

2.700 MW OF GENERATION CAPACITY

- 1,300 MW from cogen. plants connected to DH networks.
- 600 MW from hydroelectric plants.
- 800 MW from Turbigio plant (the only thermoelectric plant running on merchant base)

ENERGY MARKET

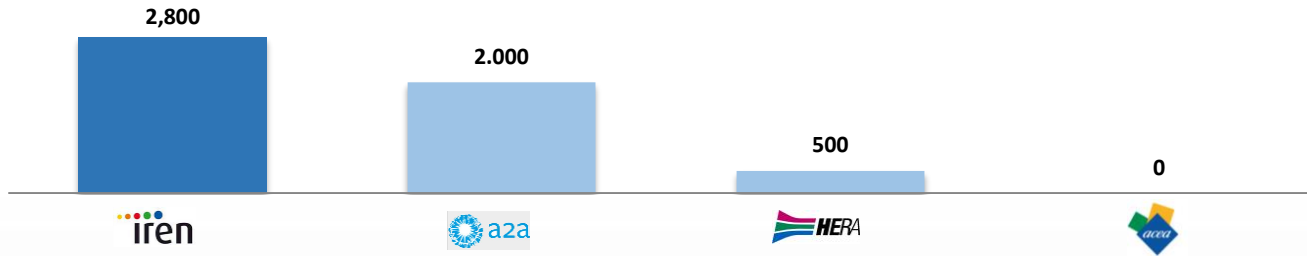
- ~9.5 TWh electricity uses; ~2.8 bcm gas uses;

SPECIAL WASTE

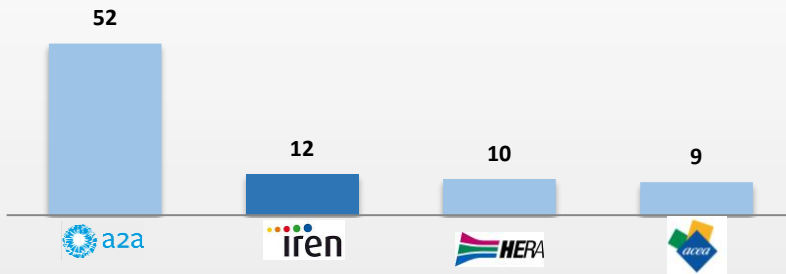
- ~410K tons of special waste collected

2015 Ranking (energy market).

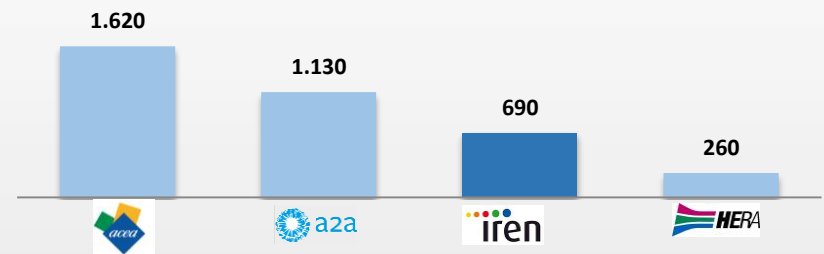
DH: heat produced (GWht)



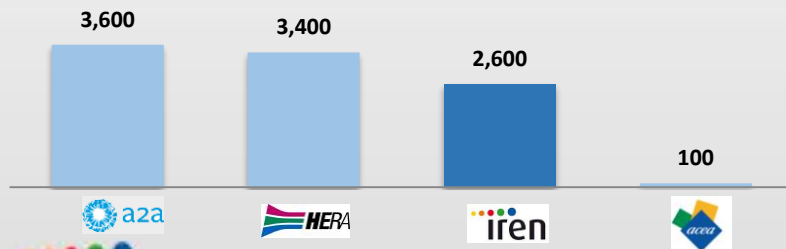
Electricity: volumes sold (TWh)



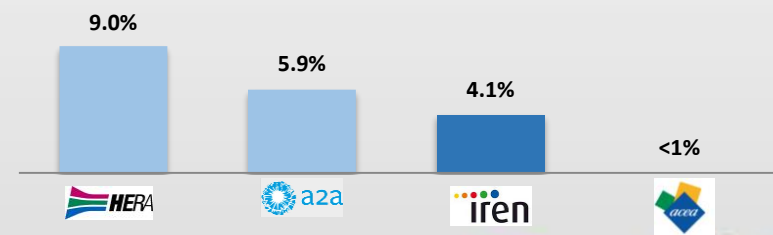
Electricity distribution: # PODs



Gas: volumes sold (mcm)

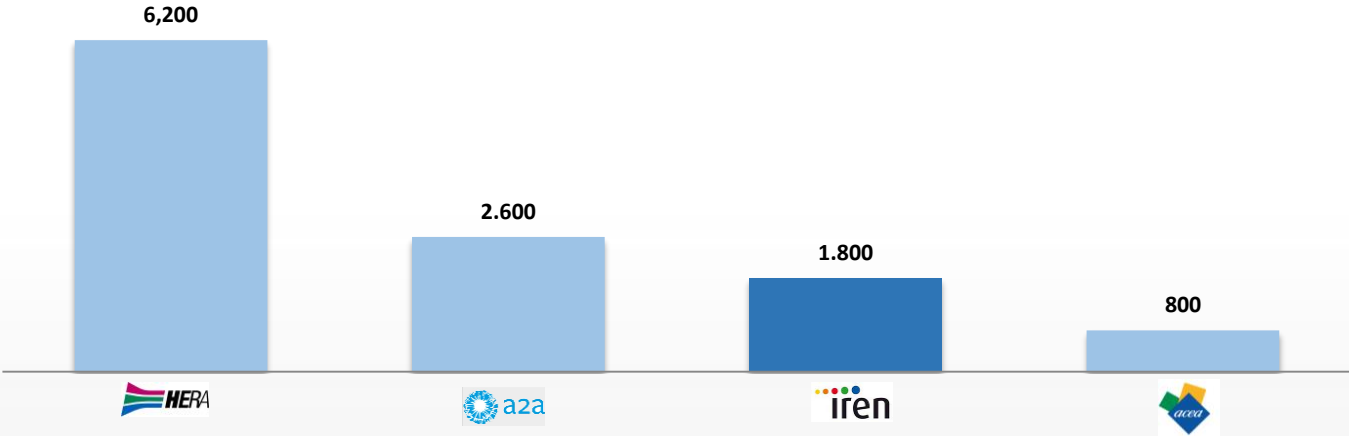


Gas distributon: market share (%)

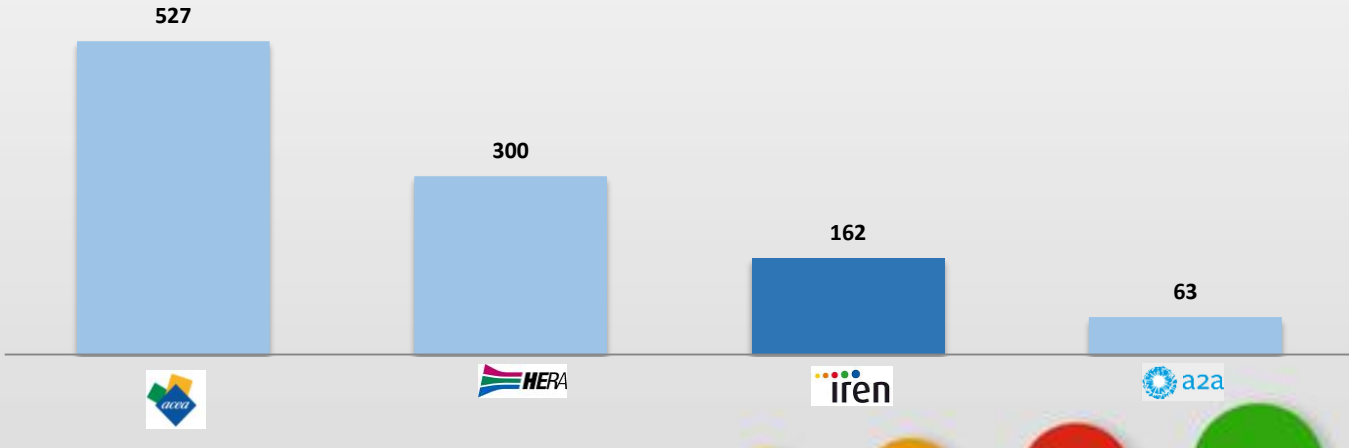


2015 Ranking (water and waste cycle).

Waste: treated (000 ton)



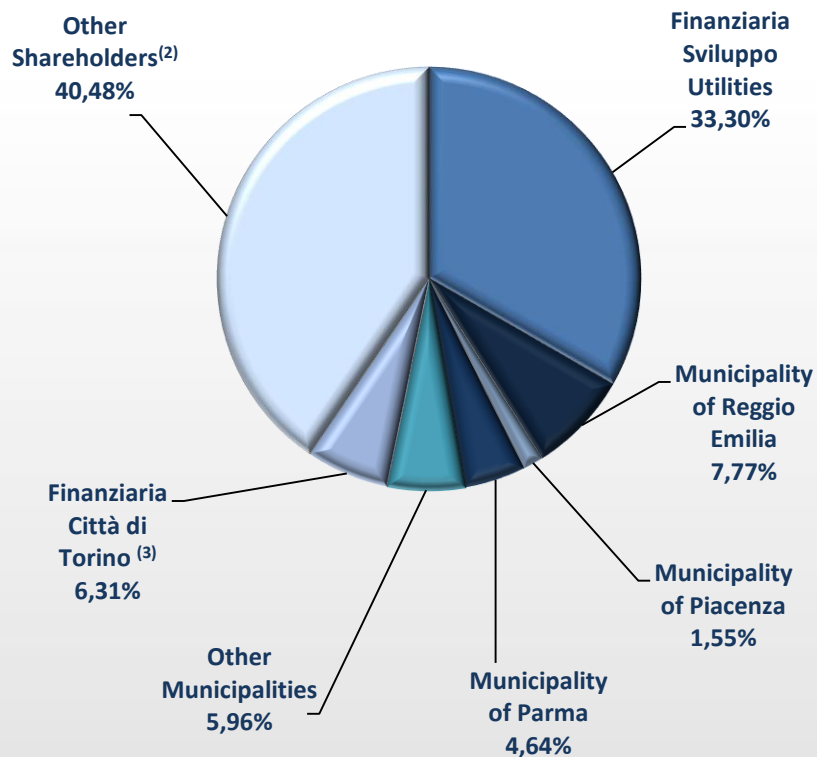
Water: volumes distributed (mcm)



*Source: Companies financial statements.

Shareholding structure and corporate governance.

Shareholding structure (on total share capital)⁽¹⁾



>50%
Public Shareholders

The majority of IREN's Shareholders are public entities: FSU (50% Turin Municipality and 50% Genoa Municipality) ~33%, Emilia Municipalities (Reggio Emilia, Parma, Piacenza and other minor Municipalities) ~20%.

2
Shareholders' Agreements

Two Shareholders' agreements (one between Emilia Shareholders and one between the latter and FSU) guarantee that all the most important decisions relating to Corporate Governance (appointment of CEO, Chairman and Vice-Chairman in particular) are by agreement of all the public Shareholders.

LSS
Loyalty Shares Scheme

The introduction of LSS into IREN's bylaws (May 2016) and the elimination of the obligation for Public shareholders to hold at least 51% of IREN's share capital, could have the effect of increasing the free-float of the Group.

3%
Capital Increase

In May 2016 the Shareholders' meeting authorized the Board of Director to proceed with a 3% possible capital increase devoted to M&A operations.

Preferred shares.

- IREN's share capital included **94.500.000** non-listed preferred shares without voting rights, owned by Finanziaria Città di Torino (100% owned by Turin Municipality).
- In November 2015 Finanziaria Città di Torino launched an exchangeable bond on 80,498,014 IREN's preferred stocks (94,500,000-80,498,014=14,001,986 residual preferred stocks)
- The bond's maturity is 5 years and it can be converted into IREN ordinary share anytime until 45 days prior to the date fixed for the redemption of the bond. The conversion price is ~1.86€/Sh.
- At present, no conversion right has been exercised. A possible conversion could be exercised in the future, leading to a positive increase in the free float of the company.
- In March 2017 FCT sold the residual 14,001,986 preferred shares through an ABB procedure, converting them into ordinary shares, therefore, the share capital of IREN S.p.A. is therefore currently made of **1,195,727,663 ordinary shares and of 80,498,014 preferred shares.**

Regulated business – Defined wacc values.

	Gas distrib.	Electricity distrib.	Water service
Regulatory period	6 years (2014 – 2019)	8 years (2016 – 2023)	4 years (2016 – 2019)
WACC methodology update	6 years (2016 – 2021)	6 years (2016 – 2021)	
WACC update	every three years (2019)	every three years (2019)	every two years (2018)

	2016– 2018
Gas distribution	6.1%
Gas metering	6.6%
Electricity distrib. and metering	5.6%
	2016– 2017
Integrated water service	5.39%*

Market Scenario.

	FY '15	FY '16	Δ%
Gas Demand (<i>bcm</i>)	67	70	5%
TTF <i>€/000 scm</i>	210	148	-30%
PSV <i>€/000 scm</i>	255	167	-35%
Energy Demand (<i>Twh</i>)	315	310	-2%
PUN (<i>€/Mwh</i>)	52.3	42.7	-18%
CO2 <i>€/Ton</i>	7.7	5.4	-30%
Green Cert. Hydro (<i>€/Mwh</i>)	100.1	100.1	=

Balance Sheet.

	FY '16	FY '15
<i>Net fixed assets</i>	5,220	4,648
<i>Net Working Capital</i>	171	154
<i>Funds</i>	-562	-526
<i>Other assets and liabilities</i>	-84	-46
Net invested capital	4,745	4,231
<i>Group Shareholders' equity</i>	2,288	2,062
<i>Net Financial Position</i>	2,457	2,169
Total Funds	4,745	4,231

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.