



Investor Presentation

September 2022

Presenting Team



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Iren Key Credit Highlights



- 1 Solid position in Italy as one of the largest multi-utilities concentrated in some of Italy's wealthiest regions in the northwest
- 2 Strong business risk profile which benefits from the significant contribution of fully regulated water, gas, and power distribution and waste collection activities
- 3 Largest district heating network in Italy, characterized by long-term contracted nature of the service
- 4 Above average resilience showed during pandemic emergency, with FY2021 results higher than pre-pandemic (FY2019) results
- 5 Healthy cash generation and conservative financial structure will allow the Company to maintain investment-grade metrics despite the expectation to have a leverage peak in 2024 due to accelerated investments
- 6 Stronger sustainable commitment as declared under the 2021-2030 business plan: the Company plans to reduce its carbon intensity substantially by increasing its share of renewables in the generation mix and decommissioning its thermal generation

Agenda

1

Company Overview

- I. Iren at a Glance
- II. Business Plan@2030

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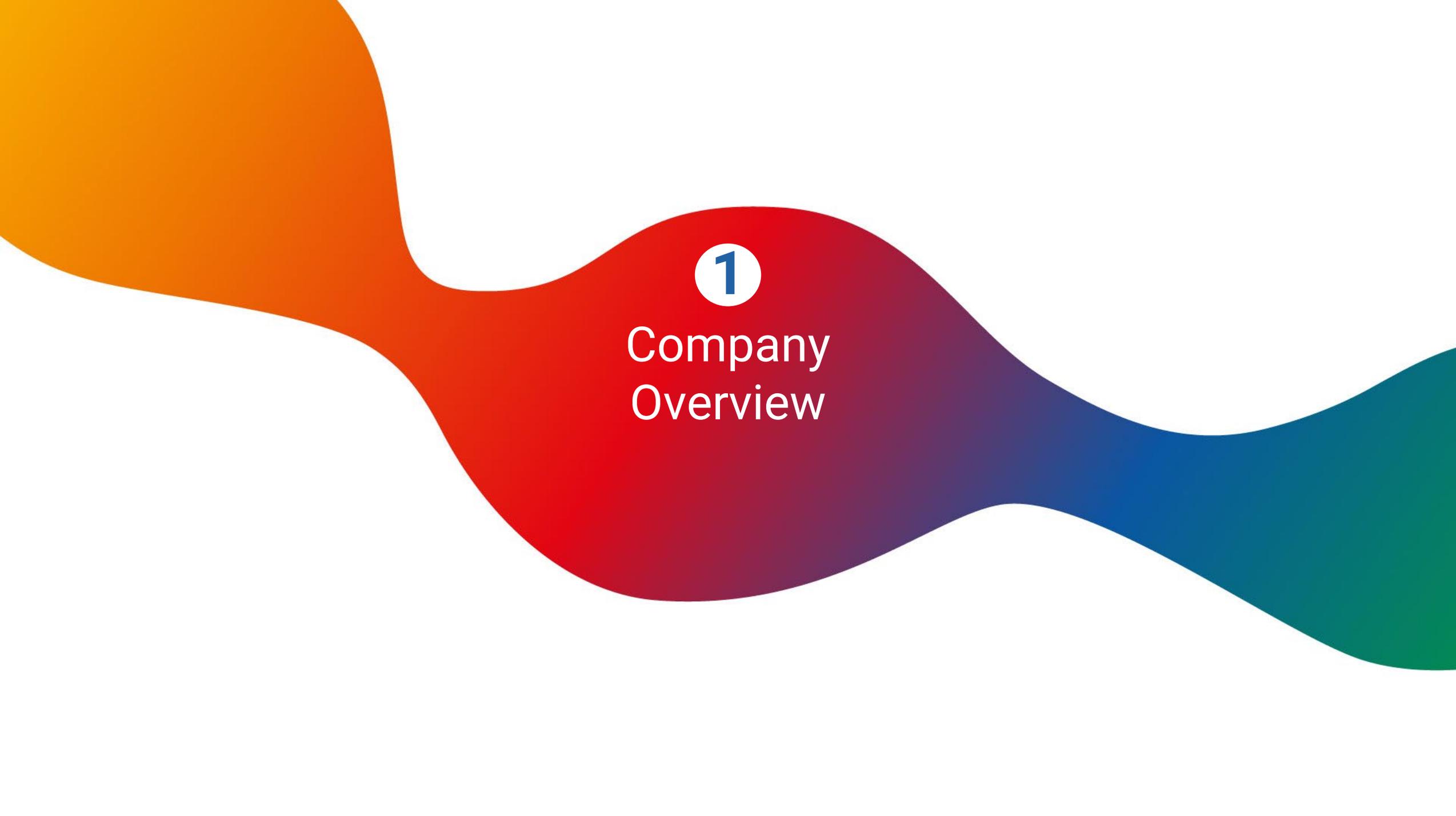
1H Results Overview

- I. H1 2022 Key Figures
- II. Debt Structure
- III. Sustainable Financing Framework at a Glance

3

Sustainability Strategy in Business Plan@2030

- I. Sustainability at Iren Group
- II. Sustainability Targets



1

Company Overview

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

2021 – 2030 Strategic plan ambitions



green

- Progressively **decarbonize** all activities
- Strengthen **leadership in circular economy**



local

- Extend **footprint in legacy** regions, also inorganically
- Evolve into **preferred partner** for local stakeholders



quality

- Excel in **networks performance and resilience**
- Boost **customer satisfaction** across businesses

Investments '21 – '30

Sustainability



80%

Legacy regions



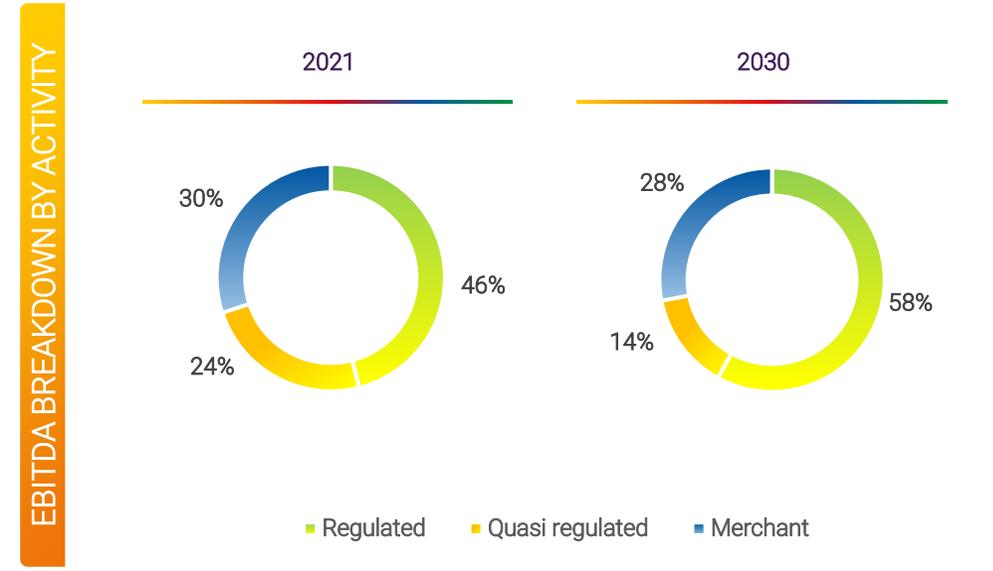
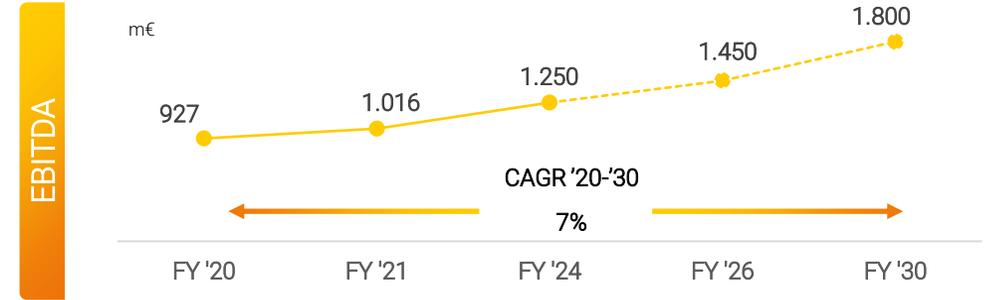
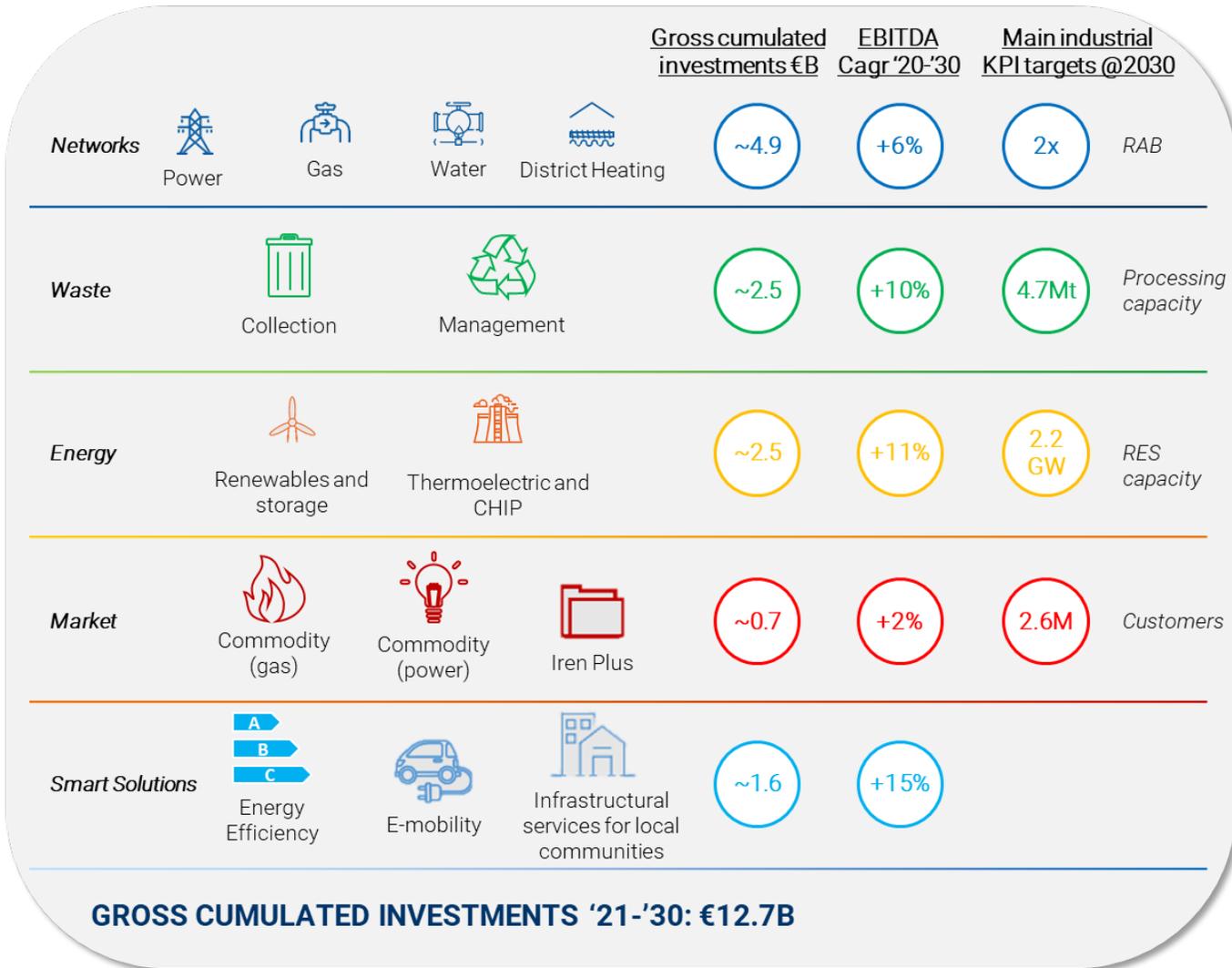
85%

Quality improvement



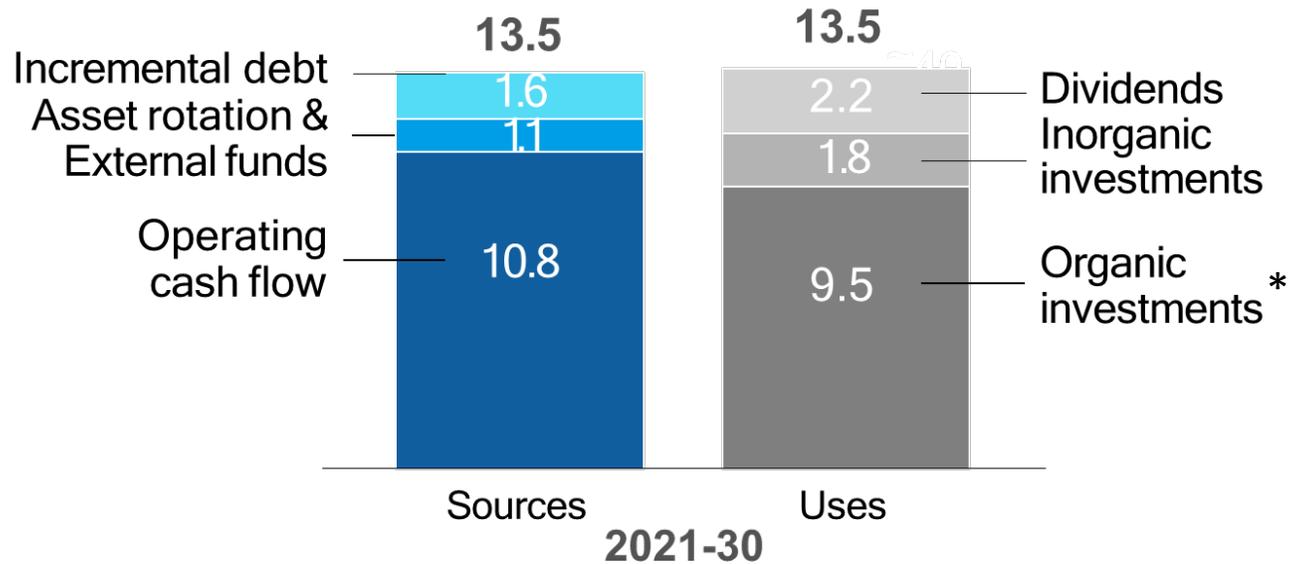
50%

Business Plan@2030: Strong growth led by the most ambitious Investment Plan ever

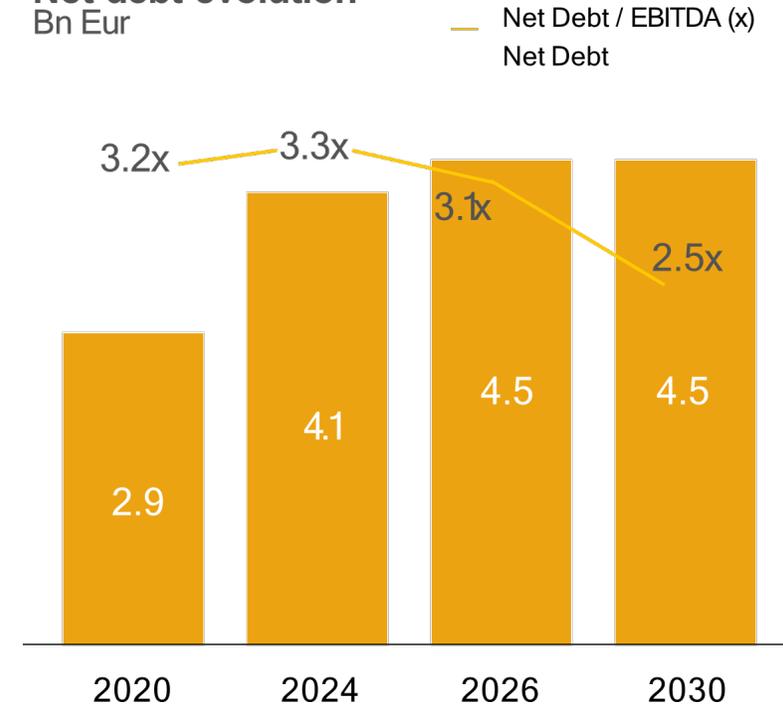


Strong cash flow generation underpinning sound capital structure profile & metrics

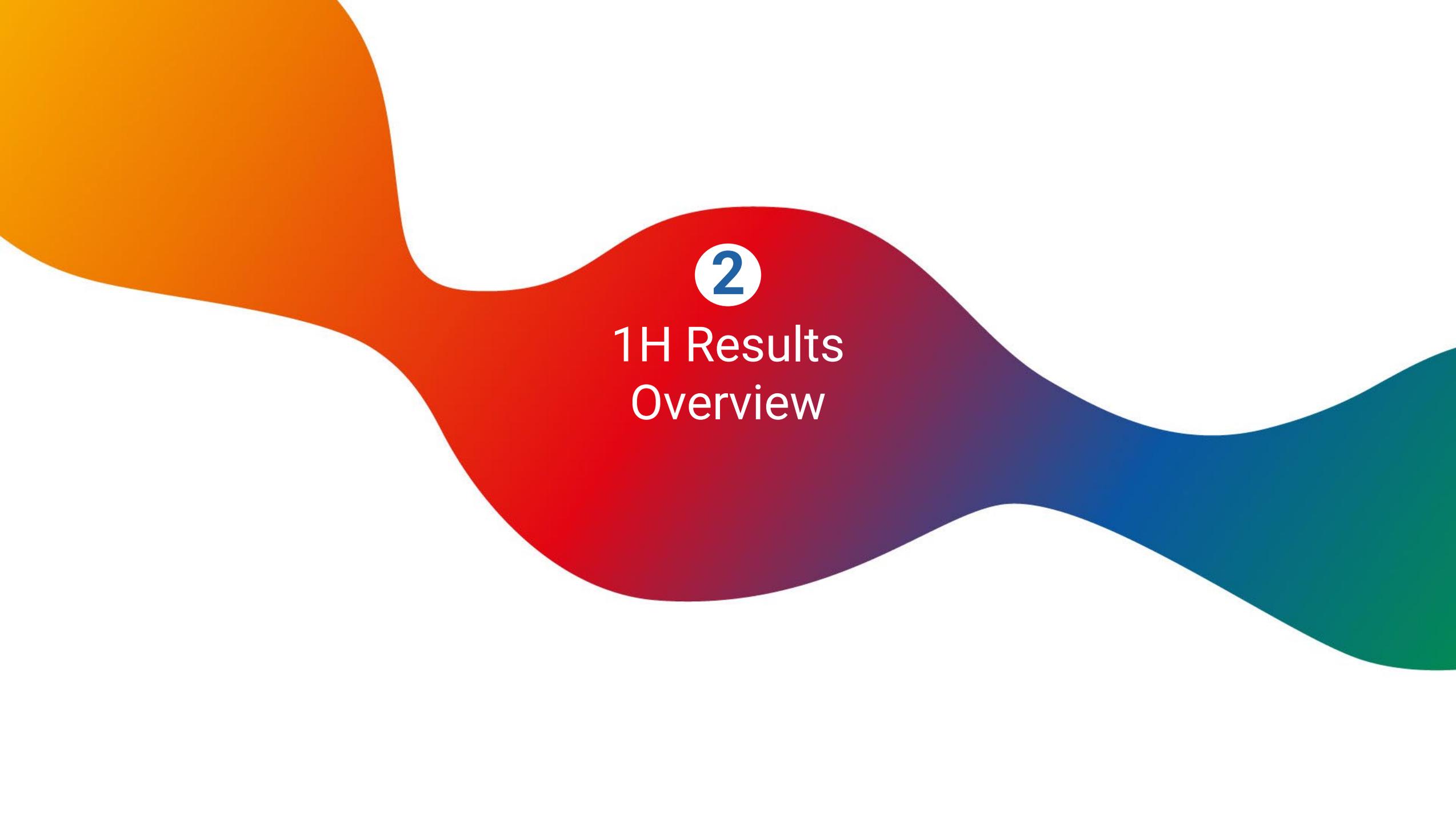
Sources and uses of funds
Bn Eur



Net debt evolution
Bn Eur



* Net of capex contribution/incentives for €1.4b



2

1H Results Overview

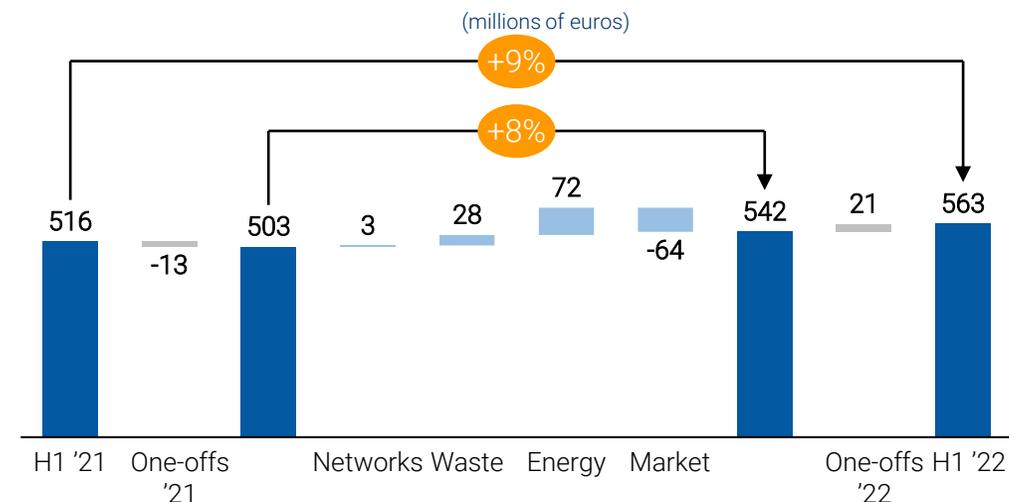
H1 2022 Financial Key Figures

	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%

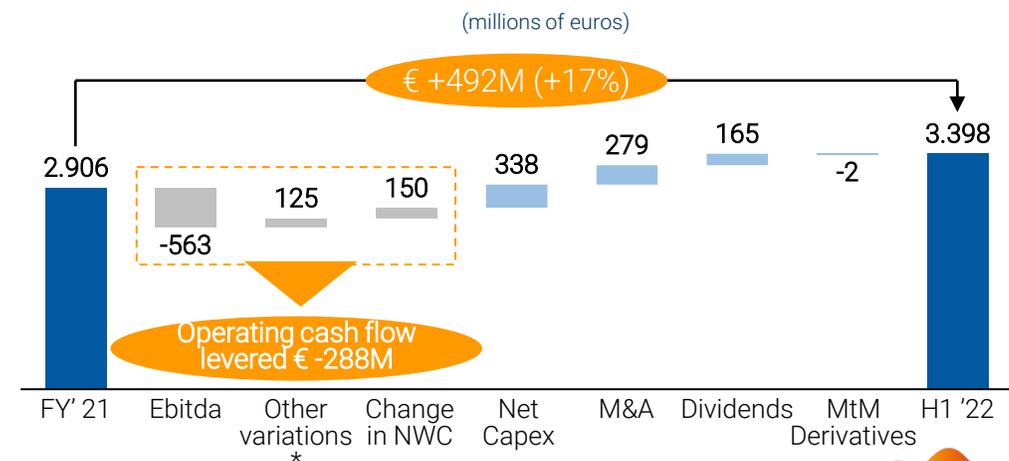
* H1 '21 affected by €32M of non-recurring tax income on the realignment of accounting and tax values and by €12M of pre-tax positive one-off effect linked to Unieco debt optimization; H1 '22 impacted by "Contributo di solidarietà" Decree (i.e. Windfall tax) for estimated €31M following the new guidelines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

** FY 2021

EBITDA evolution



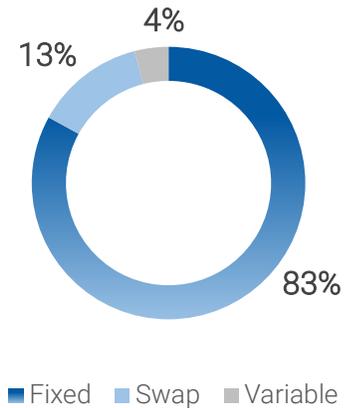
Net Financial Position



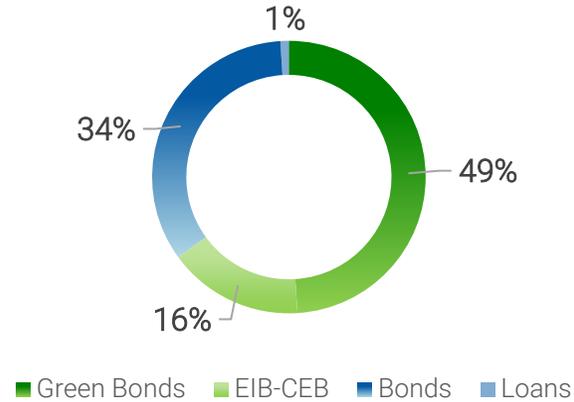
* Including €130M of taxes

Iren Debt Structure

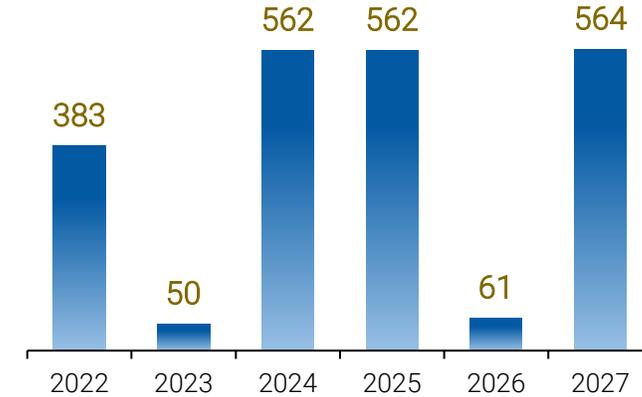
INTEREST RATE



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 2021
- ◊ 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
- ◊ € 1,114 Mln liquidity position, of which:
 - € 489 Mln cash
 - € 625 Mln committed bank facilities

- ◊ New Sustainability Financing Framework published
- ◊ New credit rating from S&P and confirmed of rating Fitch

Outstanding Bonds

Issuer	Cpn (%)	Issue Date	Maturity	Amount (EUR)
IREN SPA	2.750	11/2/2015	11/2/2022	359,634,000
IREN SPA	0.875	11/2/2016	11/4/2024	500,000,000
IREN SPA	1.950	9/19/2018	9/19/2025	500,000,000
IREN SPA	1.500	10/24/2017	10/24/2027	500,000,000
IREN SPA	0.875	10/14/2019	10/14/2029	500,000,000
IREN SPA	1.000	7/1/2020	7/1/2030	500,000,000
IREN SPA	0.250	12/17/2020	1/17/2031	500,000,000

Green bond

Sustainable Financing Framework at a Glance

Iren New Sustainable Financing Framework

UPDATED

Green Financing Component

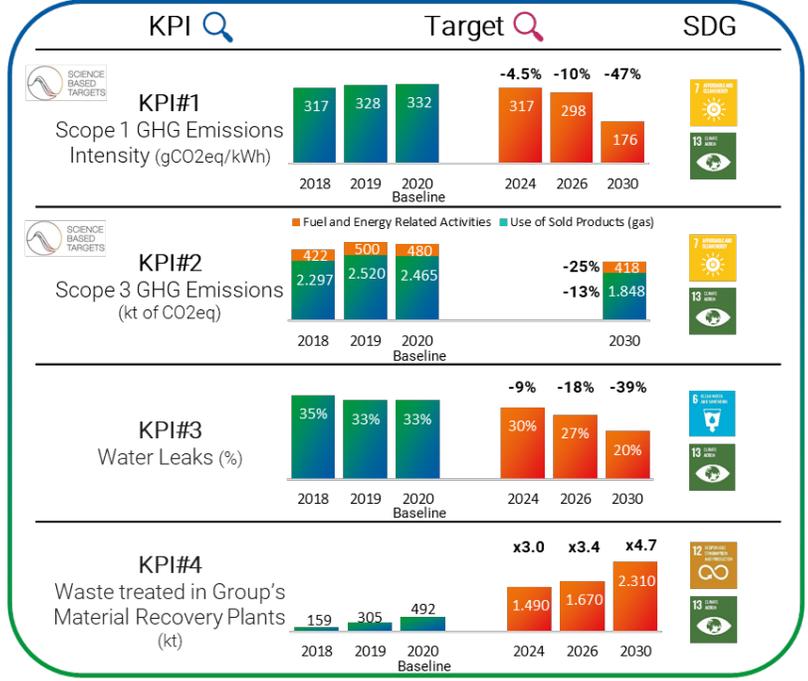
- Additional sustainable projects among revised eligible green categories
- Alignment with EU Taxonomy substantial contribution to one of the Environmental Objectives to the greatest extent possible

Category	Eligible Projects/Activities	SDG
Renewable Energy	<ul style="list-style-type: none"> • Hydroelectric power electricity generation • Solar PV electricity generation • Wind power electricity generation 	
Energy Efficiency	<ul style="list-style-type: none"> • Energy network development • Electricity storage • Thermal storage capacity • Cogeneration facilities • District heating networks • Gas network hydrogenation • Buildings energy efficiency • Waste to Energy facilities • Waste-to-chemical facilities 	
Circular Economy	<ul style="list-style-type: none"> • Waste urban collection • Waste urban recycling • Waste urban treatment 	
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Wastewater treatment plant upgrades • Water distribution network efficiency 	
Clean Transportation	<ul style="list-style-type: none"> • Electric Vehicles • E-mobility 	

NEW

Sustainability-Linked Component

- 4 KPIs covering all the IREN's business activities and in line with the Business Plan
- 2030 climate targets validated by the SBTi in line with Well-Below 2°C scenario

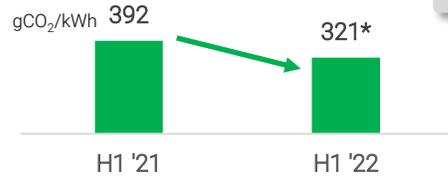


ESG KPIs ahead of Business Plan targets



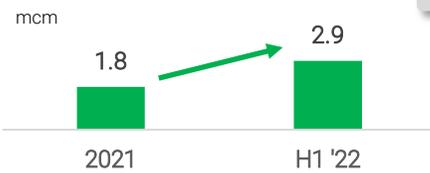
Green transition

Carbon Intensity



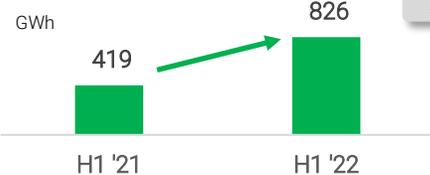
On track ✓

Biomethane from waste



On track ✓

Green energy sold

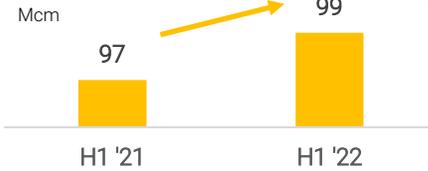


Ahead ✓✓



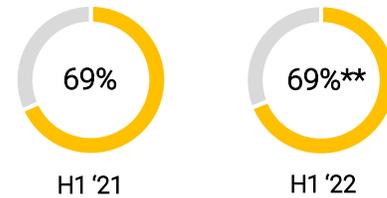
Local presence

DH volumes



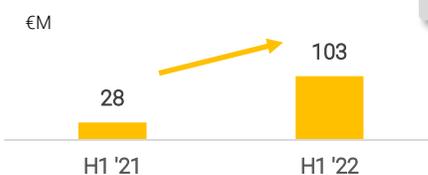
On track ✓

Sorted waste collection



On track ✓

Rebuilding projects (EPC value)

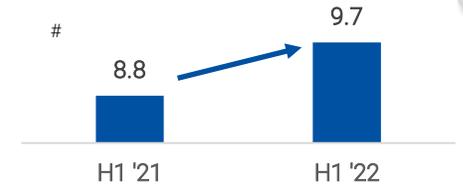


Ahead ✓✓



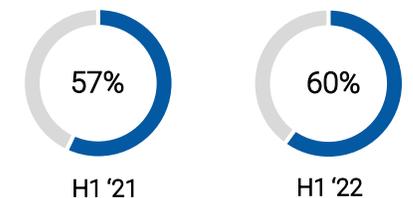
Service quality

Physical Stores' Customer Satisfaction Index



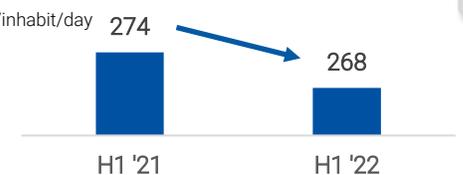
Ahead ✓✓

Clients digital contacts



Ahead ✓✓

Water withdrawals



Ahead ✓✓

* Impacted by reduction of hydro volumes (drought)

** Slightly impacted by seasonality and consumption reduction



3

Sustainability
Strategy in Business
Plan@2030

Sustainability at Iren Group

3 Pillars



Green Transition

Taking the lead in the ecological transition to accelerate sustainability in all businesses

- Progressive decarbonization of businesses
- Strengthening leadership in the circular economy

80% of the total investment is sustainable

47% reduction of scope 1 GHG intensity per MWh generated by 2030 from a 2020 base year

Treated waste +180% by 2030



Local presence

Territorial expansion to maximize opportunities for growth and synergies among all businesses serving the territory

- Entry into new territories, also through acquisitions
- Becoming a reference partner for local stakeholders

85% of investments involve the territories in which we are present

2.5x Province served by more than 4 services by 2030

65,000 electric charging stations installed by 2030



Service quality

Improve services' quality in all business sectors to be the first choice of reference in the territory

- Excel in network performance and resilience
- Strengthen customer satisfaction in all business sectors

50% of the investment aims to achieve quality standards of excellence in all businesses

-15% electricity service interruptions by 2030

Water leaks <20% by 2030

100% digital gas and energy meters by 2030

4 Focus Areas



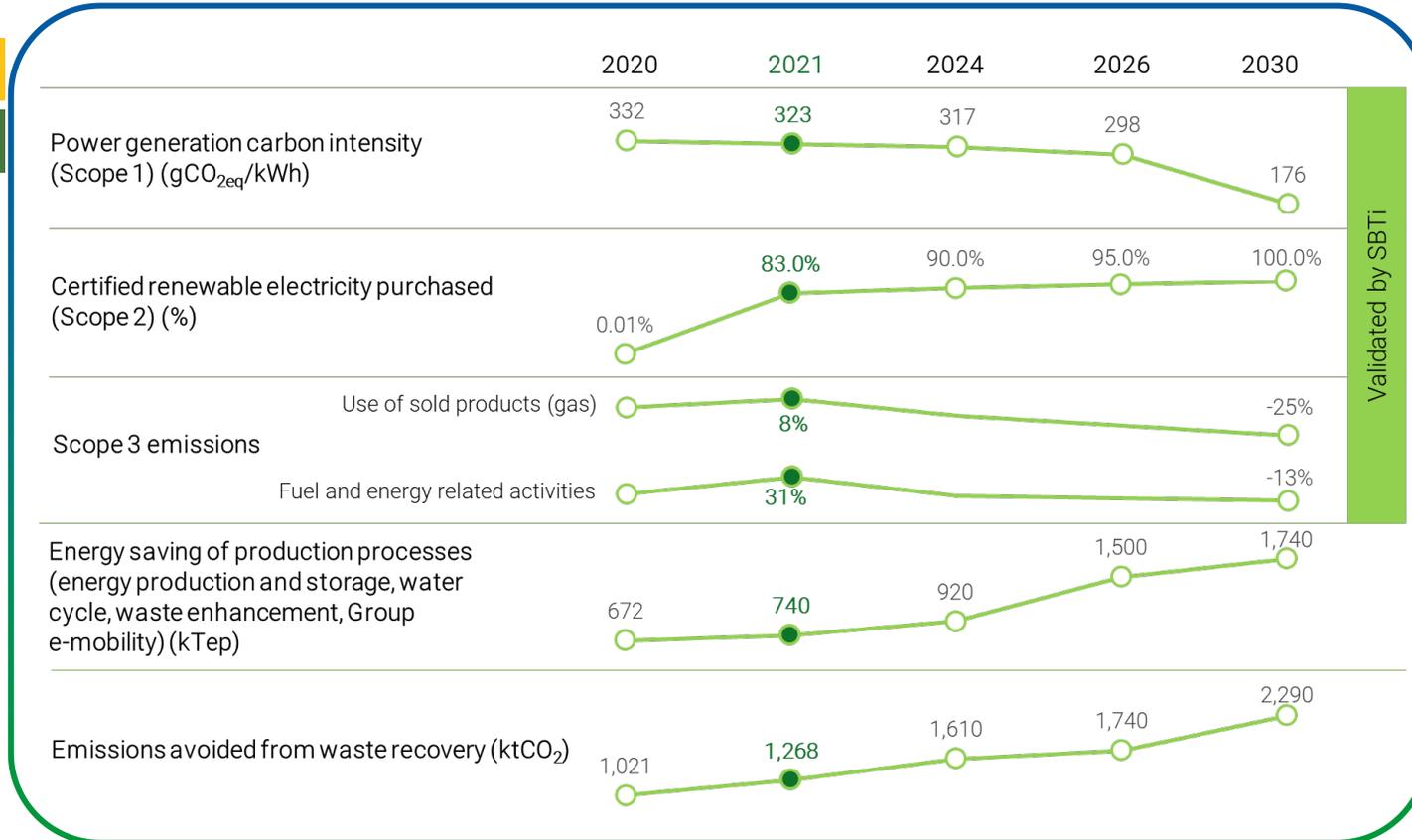
Enabling factor: People



Decarbonization

Targets

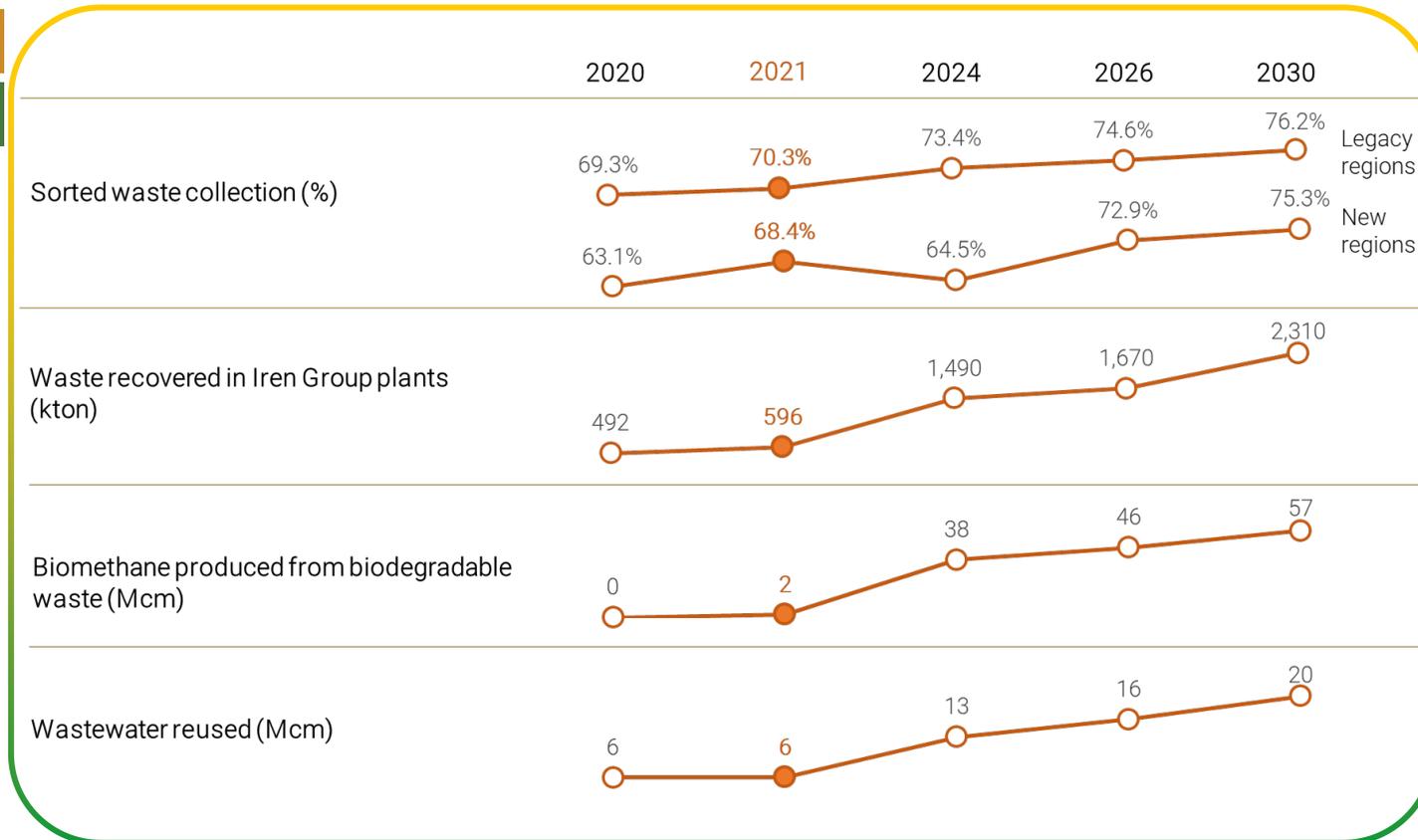
Main projects



- Targets consistent with SBTi ambition, in line with WB2D scenario, and to carbon neutrality by 2040
- Renewable capacity growth (0.5GW new power capacity by 2026 and 2.2 GW by 2030)
- Emissions' reduction also through:
 - divestment of thermo assets (not functional to DH)
 - developing CO₂ capture systems on WTEs
 - increase of green energy purchase with a guarantee of origin
 - waste recovery, thanks to the development of several recovery plants, in order to avoid incineration
 - use hydrogen blending in CCGT plants

Circular Economy

Targets



Main projects

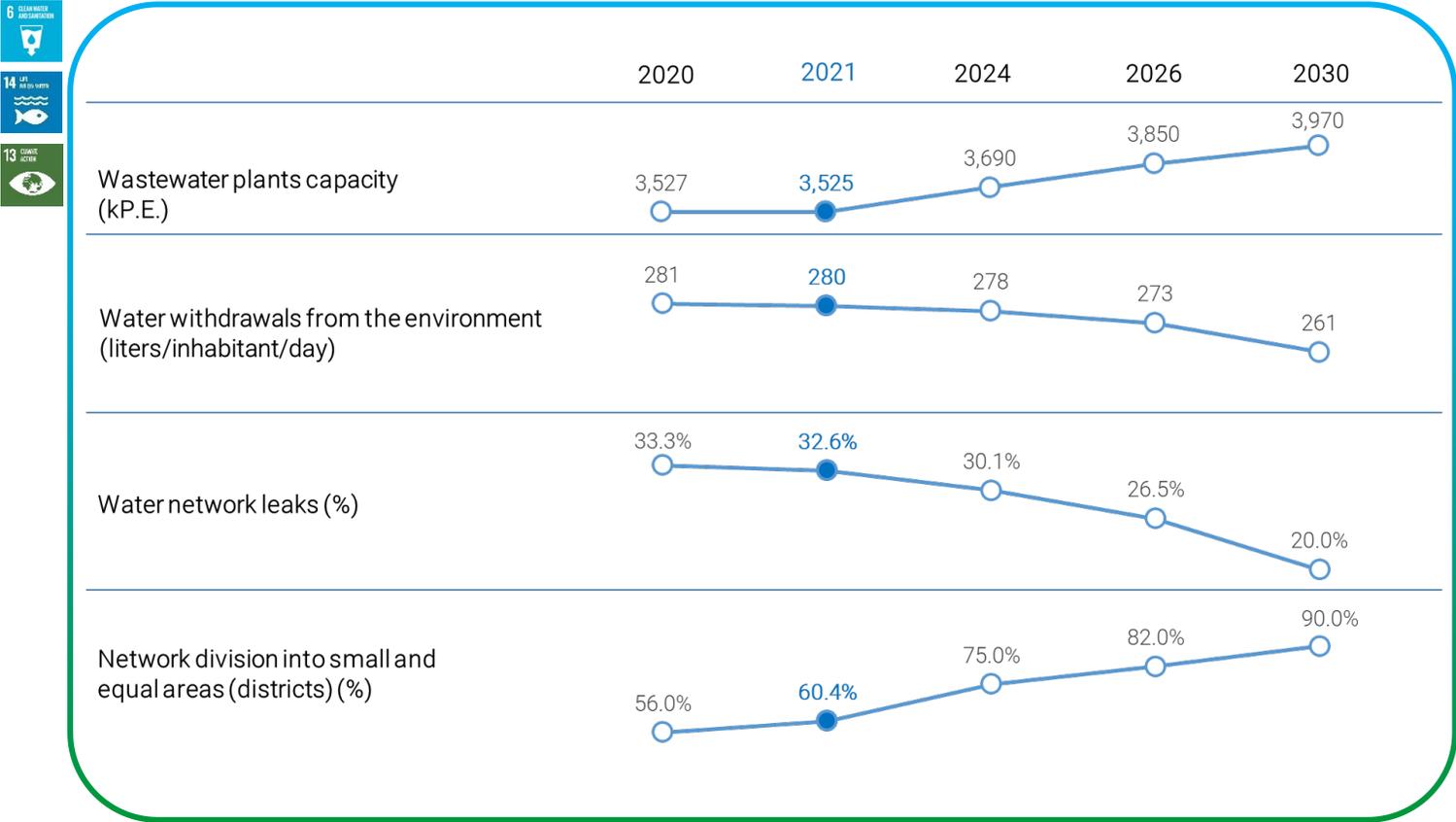
- Roll-out of “Pay as you throw” model (64% of inhabitants in 2030 vs 18% in 2020)
- Increase in waste treatment capacity (+3.0 Mn tons by 2030 with 21 new plants, 14 already authorized)
- Strong focus on waste-to-material (+2.0 Mn tons by 2030)
- Innovative project on WtC technology, leveraging public funding
- 6 new organic treatment plants with biomethane production
- Development of several new wastewater treatment plants
- Increase in WtE capacity (+0.3 Mn tons by 2030), to close the gap on end of waste cycle



Water Resources

Targets

Main projects



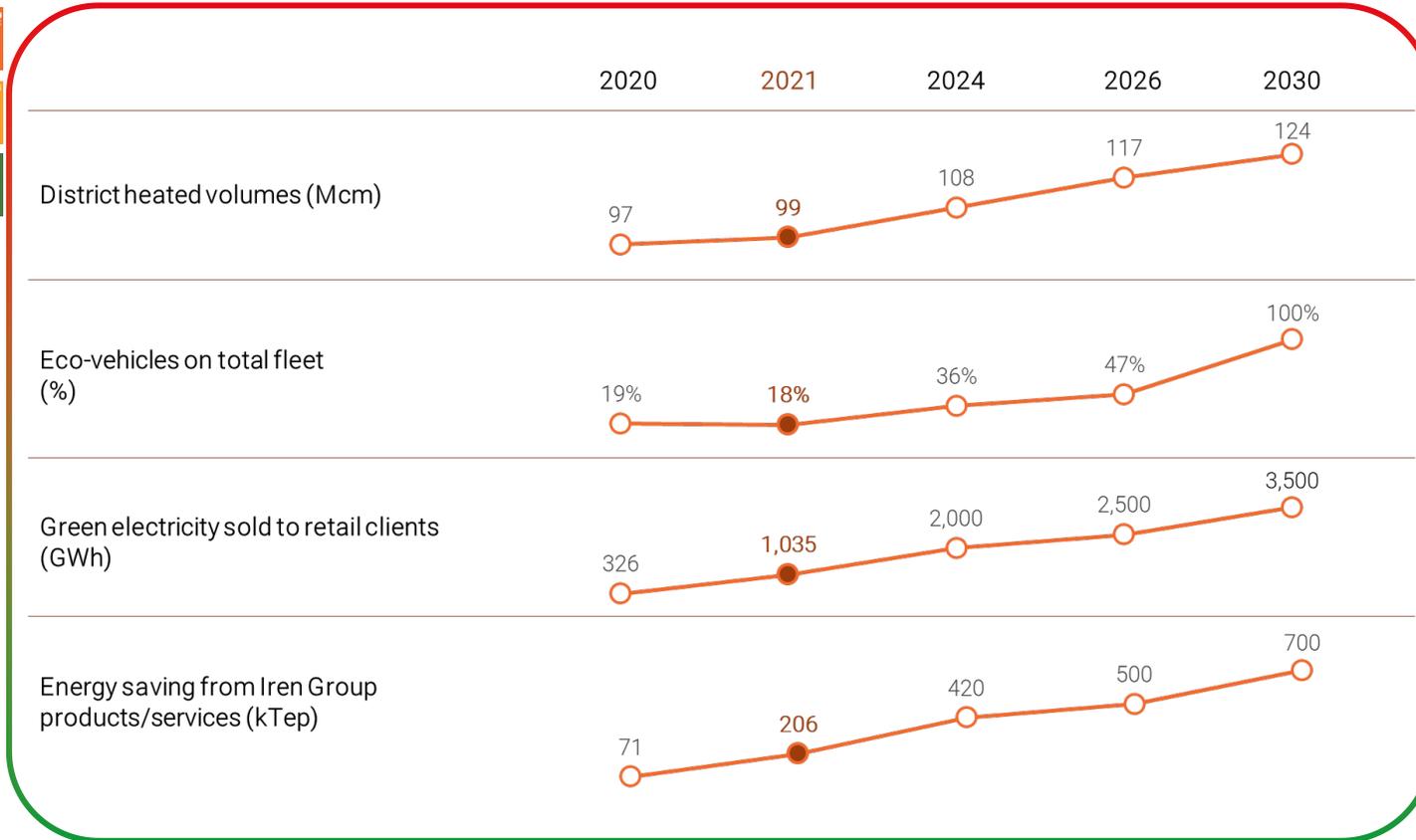
- Renovation of water supply networks to reduce network leaks by replacing old pipes
- Grid districtization to increase the management efficiency thanks to a modular-based system
- Grids digitalization program with the installation of smart meters and sensors, digital detections to guarantee constant monitoring and preventive maintenance approach
- 4 new wastewater treatment plants



Resilient Cities

Targets

Main projects

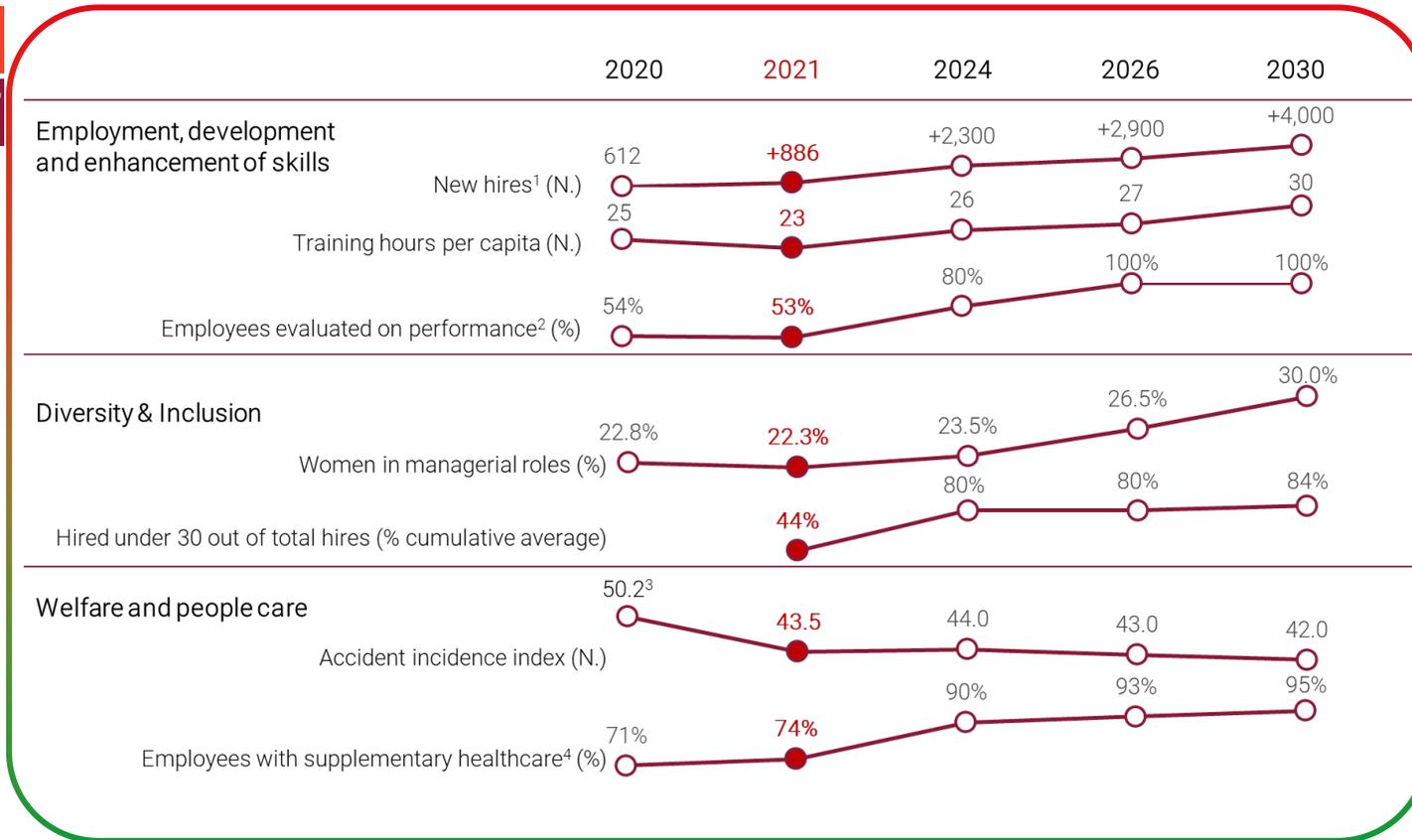


- DH extension, through the saturation of our plants and the development in existing and new areas
- Growth in e-mobility through development of public / semi-public charging infrastructure (4k in 2030) and electrification of local public transportation (~15 e-bus lines), leveraging Project Finance and public funds
- Strong boost in the short-term driven by “Superbonus 110%”
- Development of an integrated service portfolio
- Expansion of service portfolio and management of urban renovation and infrastructural projects, becoming preferred partner for municipalities

People

Targets

Main projects



- New hires mainly under 30, to support new areas development and to cover generational turnover
- Skills development, through the increase in training hours per capita, to make Iren even more competitive on the market
- Strengthening of our diversity and inclusion projects to pursue gender equality
- Rise welfare and people care

Remuneration Policy

CEO/GM

Senior Executive with strategic responsibilities

Short-term
incentive plan

Gate: maintain Investment Grade status

Weight: 35% of gross annual remuneration (target value)

Objectives (weight):

- Group net investments (20%)
- Group IFN/EBTIDA (20%)
- Group strategic project (30%)
- ESG (30%)

Weight: 36.2% of gross annual remuneration (average target value)

Objectives (weight):

- Economic-financial (40%)
- Group strategic projects or connected to individual Business Units (30%)
- ESG (30%)

CEO/GM and Senior Executives with Strategic Responsibilities

Long-term
incentive plan
2022-2024

Gate: maintain Investment Grade status

Weight: 100% of gross annual remuneration (target value and maximum over the three-year period)

Objectives (weight):

- Cumulative EBITDA 2022-2024 (35%)
- Cumulative Operating Cash Flow Levered 2022-2024 (20%)
- Cumulative Investments 2022-2024 (20%)
- ESG (max 25%)

Iren's alignment

Iren Group's sustainability strategy is consistent with the main issues focused by the most important international frameworks and ESG rating agencies.



73/100

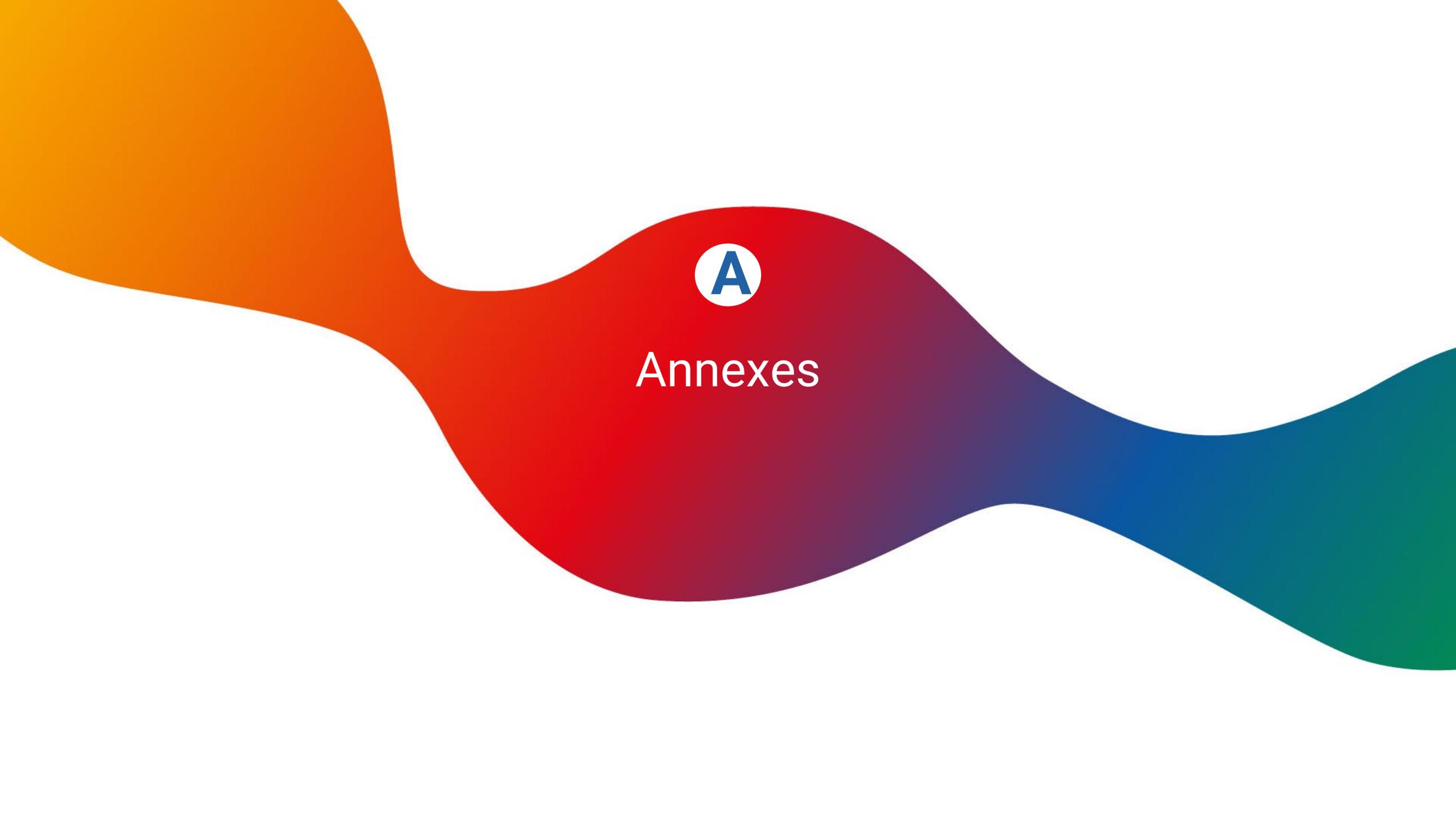


2021 Listed: A-



E-2 S-2 G-2





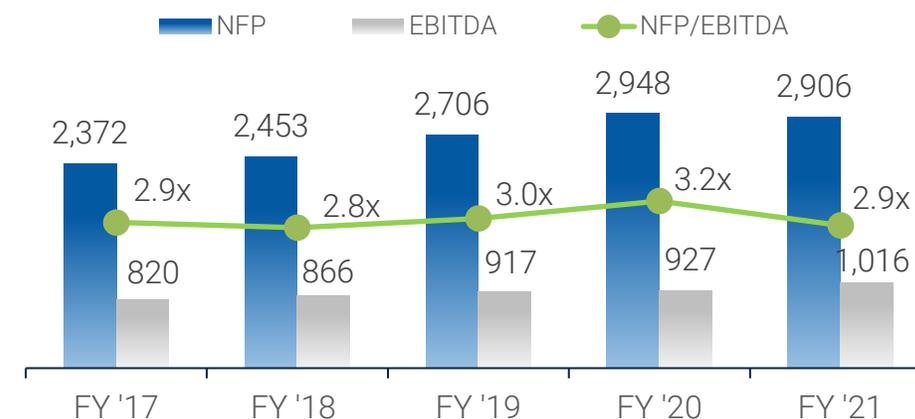
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Annexes

FY2019 – FY2021 Financial Key Figures

(millions of euros)	FY2019	FY2020	FY2021	Δ% 2021 vs 2020
Revenue	4,275	3,726	4,956	32.9%
Networks BU (energy and water infrastructures)	1046	1,041	991	-4.8%
Waste Management BU	715	765	916	19.8%
Energy BU (Generation, TLR, Energy Efficiency)	1,473	1,145	2,280	99.2%
Market BU	2,746	2,085	3,071	47.3%
Services and other	22	25	26	5.4%
Netting and adjustments	-1,727	-1,335	-2,328	74.6%
Gross Operating Profit (EBITDA)	917	927	1,016	9.6%
Networks BU (energy and water infrastructures)	373	376	383	1.7%
Electrical infrastructure	75	79	82	3.0%
Gas infrastructures	89	85	90	5.3%
Water infrastructures	209	211	211	-0.2%
Waste Management BU	158	173	227	31.6%
Energy BU (Generation, TLR, Energy Efficiency)	274	228	298	30.6%
Market BU	110	147	104	-28.9%
Electricity	35	56	12	-77.7%
Gas and other services	75	91	92	1.1%
Services and Other	2	3	4	19.8%
Operating Profit (EBIT)	452	415	454	9.3%
Networks BU (energy and water infrastructures)	198	186	188	1.1%
Waste Management BU	56	50	92	85.2%
Energy BU (Generation, TLR, Energy Efficiency)	140	111	157	41.4%
Market BU	57	67	15	-78.0%
Services and Other	1	1	2	75.7%
Net Profit	236	239	303	26.7%
Net Financial Position (NFP)	2,706	2,948	2,906	-1.4%

Leverage Trend



FY2021 EBITDA Breakdown



Overview of Iren Rating Positioning

NEW

Standard & Poor's (BBB- / Positive Outlook)

S&P Global
Ratings

- Iren's credit quality reflects its solid position in Italy as one of the largest multi-utilities and its **high share of regulated activities**
- The positive outlook on Iren reflects our expectation that it will continue to **strengthen its position in the regulated segment**, thanks to its ambitious capex plan, while improving its credit metrics
- If Iren successfully executes its plan, we believe it can maintain adjusted FFO to debt of about 20% over 2021-2023, with debt to EBITDA not increasing substantially above 4.0x

Factors that could lead to a positive Rating Action/ Upgrade:

- Adjusted FFO to debt increase above 20%
- Adjusted debt to EBITDA trends below 4.0x

Factors that could lead to a negative Rating Action/ Downgrade:

- Adjusted FFO to debt remains below 20%
- Adjusted debt to EBITDA does not decline below 4.0x

CONFIRMED

Fitch (BBB / Stable Outlook)

Fitch Ratings

- The affirmation of Iren S.p.A.'s Issuer Default Rating (IDR) reflects the company's updated business plan up to 2026-2030 that is broadly in line with its historical strategic pattern and has a focus on regulated and quasi-regulated activities
- Overall, the business plan's financial targets renew Iren's commitment towards a capital structure that is consistent with the current rating. Fitch Ratings deems **Iren fairly placed for a 'BBB' rating**, as Fitch expects funds from operations (FFO) net leverage to remain at 4.5x on average until 2026

Factors that could lead to a positive Rating Action/ Upgrade:

- FFO net leverage declining below 4.3x
- FFO interest coverage sustained above 5.0x

Factors that could lead to a negative Rating Action/ Downgrade:

- FFO net leverage above 5.0x
- FFO interest coverage below 4.0x over a sustained period
- Growing exposure to unregulated activities

Key Rating Agencies
Messages

Rating Sensitivities

Iren Shareholding Structure

- FSU (Municipality of Genoa) 18.85%
- FCT (Municipality of Turin) 13.80%
- Municipality of Reggio Emilia 6.43%
- Munic. In Reggio Emilia Province 5.29%
- Municipality of Parma 3.16%
- Metro Holding 2.50%
- Municipality of La Spezia 1.81%
- Municipality of Piacenza 1.37%
- Treasury Shares 1.37%
- Other Municipalities 0.04%
- Free Float 45.38%



Shareholder's Agreements

Four main shareholder pacts (patti parasociali) between municipalities guarantee that no single municipality can act unilaterally on the company's most important strategic decisions

Iren Regulatory Framework

	 Gas distribution	 Electricity distribution	 Water service	Integrated waste collection service & regulated plants ¹
Regulatory period	6 years (2020 – 2025)	8 years (2016 – 2023)	4 years (2020 – 2023)	4 years (2022-2025)
WACC methodology update	6 years (2022 – 2027)	6 years (2022 – 2027)	4 years (2020 – 2023)	6 years (2022-2027)
WACC parameters update	Every three years for general parameters (2025); specific parameters ² in 2023	Every three years for general parameters (2025); specific parameters ² in 2024	Every two years (2024)	General and specific parameters every three years (2025)
WACC	5.6%	5.2%	4.8%	5.6%

1. Regulated Plants: methodology applied from 2022

2. Specific Parameters: Beta and Gearing

Sustainability-Linked Rationale and Strategy

	KPI#1 Scope 1 GHG Emissions Intensity (gCO2eq/kWh)	KPI#2 Scope 3 GHG Emissions (kt of CO2eq)	KPI#3 Water Leaks (%)	KPI#4 Waste treated in Material Recovery Plants (kt)
Rationale	<ul style="list-style-type: none"> The target is coherent with the overall IREN's strategy to achieve net carbon neutrality in scope 1 emissions by 2040 Scope 1 emissions account for about 49% of the total Group emissions as of 2020 (baseline year) The 2030 target is validated by the Science Based Target Initiative (SBTi) - Well-below 2°C scenario 	<ul style="list-style-type: none"> The target is coherent with the overall IREN's decarbonization strategy Scope 3 emissions account for about 49% of the total Group emissions as of 2020 (baseline year) The 2030 target is validated by the SBTi - Well-below 2°C scenario 	<p>The percentage of total water leaks in Italy was 42% in 2018. The Istituto Nazionale di Statistica (ISTAT) reports that for every 100 litres introduced into the distribution network in 2018, over 42 do not reach the taps of the houses and it estimates that recovering these leaks could guarantee the water needs of about 44 million people in one year, more than two thirds of Italians¹</p>	<ul style="list-style-type: none"> Circular Economy is embedded in the IREN's sustainability strategy IREN will contribute to the achievement of the target of Waste Framework Directive² The largest potential to improve circularity is in plastics, where recycling rates today are low³, and CO2 gains would be substantial The recovery of organic waste contributes to CO2 reduction. Plastic, organic and wood waste recovery is part of the PNRR⁴
Strategy to Achieve the Target	<ul style="list-style-type: none"> Development of new RES assets, focused mainly on photovoltaic and wind power (+2.2 GW installed capacity) Renewal of hydro concessions, through revamping Divestment of thermoelectric assets (not functional to district heating) planned in the 2026-30 period Increase in the use of low carbon gases for energy production 	<ul style="list-style-type: none"> Purchase of 100% renewable electricity Biomethane from waste used for mobility and to feed the gas networks Gas networks hydrogenation Push towards electrification compensating for gas consumption reduction 	<ul style="list-style-type: none"> Renovation of water supply networks Grid compartmentation Smart solutions for the early identification of leakages 	<p>IREN has acquired in 2020 I.Blu, which operates in the selection of plastic waste to be sent to recovery and recycling. The Company plans to increase the existing plant's capacity and build a new plant to treat heterogeneous plastics (plasmix) that currently have no outlet in the recycling market</p> <p>Furthermore, IREN plans to improve its capacity of recycling organic waste, with the production of compost and biomethane, and wood, building new and increasing existing plants</p>

(1): https://www.istat.it/it/files//2021/03/GMA2021_ENG.pdf

(2): Waste Framework Directive (as amended by 2018/851) defines that by 2030, the preparing for re-use and the recycling of municipal waste shall be increased to a minimum of 60 % by weight

(3): Recycled volumes are just 10% of plastics in the market

(4): National Recovery and Resilience Plan

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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