



2017 – 1Q Results

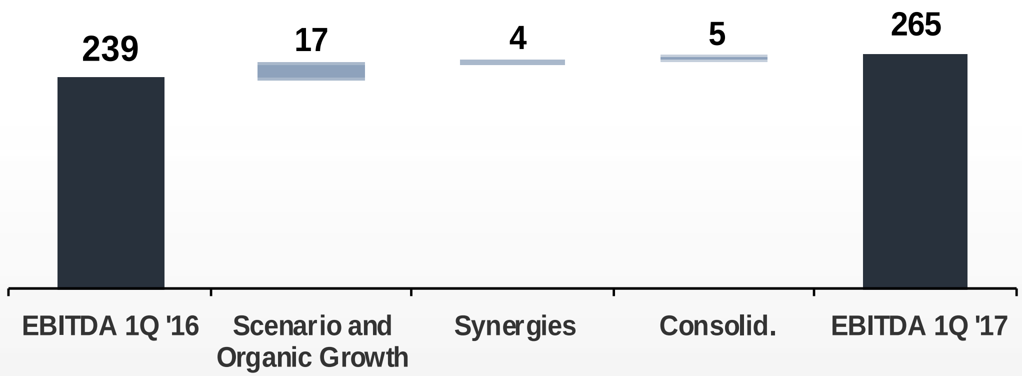
11th May 2017

1Q 2017: Positive start to the year driven by energy sectors.

Income statement

m€	1Q '16	**1Q '17**	Δ	Δ%
Revenues	886	**1,047**	161	18.1%
Ebitda	239	**265**	26	10.8%
Ebit	154	**174**	20	13.1%
Net profit	73	**101**	28	38.0%

Ebitda Bridge



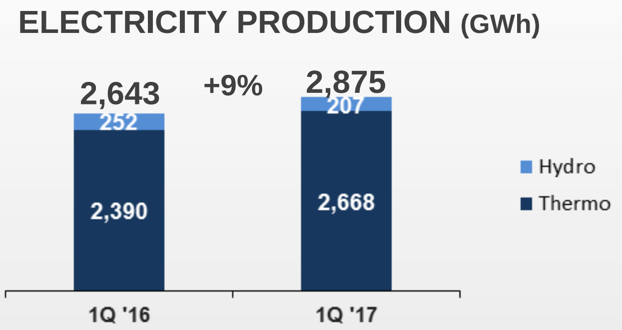
- **Revenues +18.1%:** growth in revenues linked mainly to higher commodities price (PUN +45.1%).
- **Ebitda +10.8%:** approximately 65% of the increase is attributable to organic growth and scenario. Synergies in line with business plan target and increase in scope of consolidation deriving from the transactions completed in 2016 (mainly Atena and SAP).
- **Ebit +13.1%:** reflecting good operating results which more than offset higher D&A, linked to the change in scope of consolidation.
- **Net profit +38.0%:** In addition to the increase in EBIT, lower financial charges and lower taxes (lower IRES percentage effect)

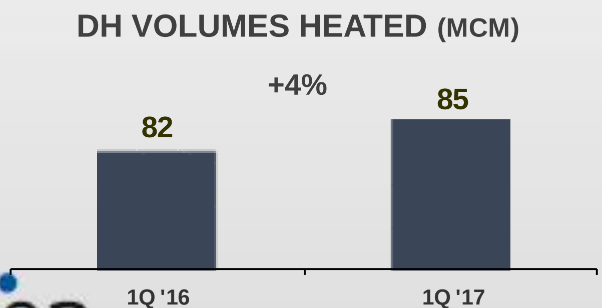
GENERATION AND DH – improved flexibility allowed for further exploitation of extraordinary positive scenario conditions.

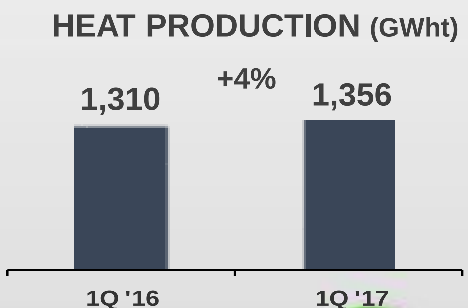
- The consistent increase in the profitability of the sector is the outcome of the efficiency and effectiveness improvement process carried out in the last two years.
- **Generation sector's** further growth due to the exploitation of the extraordinary positive scenario (higher spark-spreads and improved ancillary service margins) thanks to IREN's generation fleet flexibility.
- **Hydroelectric sector's** lower production more than offset by higher PUN.
- **Heat sector:** higher volumes mainly linked to increase in volumes heated (no positive effect from climate trend effect).

Outlook: The exceptional positive energy scenario reported in the last six months is unlikely to recur during the year.

m€	1Q '16	**1Q '17**	Δ	Δ%
Revenues	236	**341**	105	44%
Ebitda	80	**100**	20	24%
Ebit	51	**68**	17	32%
Gross Capex	7	**6**	-1	-12%







MARKET – gas storage management offset the negative price scenario

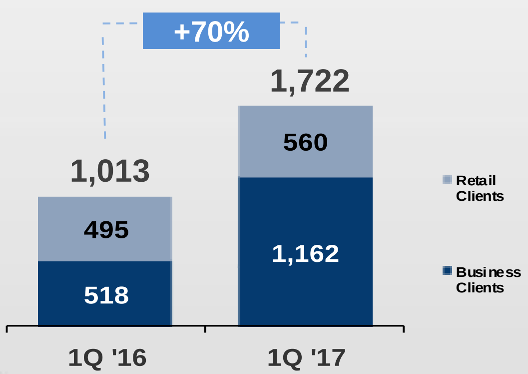
The electricity procurement cost trend worsened more than expected (PUN +45%) in particular in the first two months of the year, preventing the exploitation of hedging opportunities, unlike 2016. This element was more than offset by:

- Active client management and client-base growth: **+70% electricity volumes sold to end Clients**. **1.6m Clients (+87k additional Clients in the last 12 months)**
- The strong results in gas sector, thanks to use of stored gas, bought during 2016 summer season at favorable price.

Outlook: The negative electricity downtrend will persist in the coming months, while in the gas sector we expect a worse scenario mainly in the last quarter.

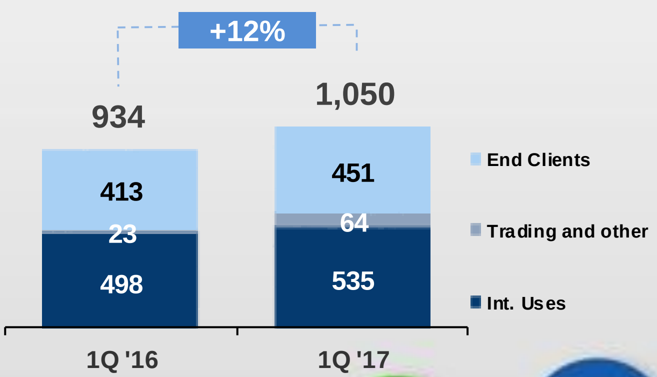
m€	1Q '16	**1Q '17**	Δ	Δ%
Revenues	747	**810**	63	8%
Ebitda	53	**54**	1	2%
Electricity	*16*	***3***	*-13*	*-82%*
Gas&Heat	*37*	***51***	*14*	*38%*
Ebit	43	**43**	0	1%
Gross Capex	4	**4**	0	-6%

ELECTRICITY PORTFOLIO* (GWh)
Uses



*net of Ipex, wholesalers and other

GAS PORTFOLIO (MCM)
Uses



NETWORKS – improved efficiency drove the growth.

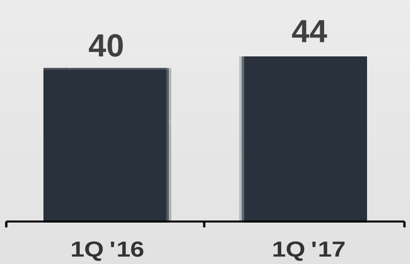
- **Energy networks:** Achieved synergies, in line with expectations, more than offset higher price in passive "white certificates".

- **Water networks:** The slight increase in EBITDA is linked mainly to the change in perimeter (Atena and SAP) which more than offset a number of minor extraordinary negative items.

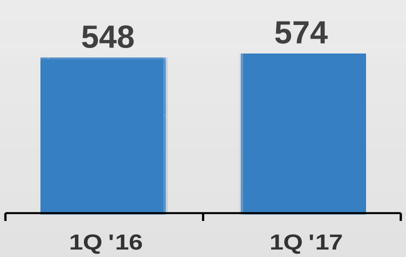
m€	1Q '16	**1Q '17**	Δ	Δ%
Revenues	192	**195**	3	2%
Ebitda	72	**74**	2	3%
Electricity	*16*	***18***	*2*	*9%*
Gas	*18*	***18***	*0*	*-1%*
Water	*38*	***39***	*1*	*2%*
Ebit	43	**41**	-2	-6%
Gross Capex	25	**29**	4	19%

Outlook: The IRETI set-up will drive the exploitation of further synergies. In addition, further contribution from Atena is expected.

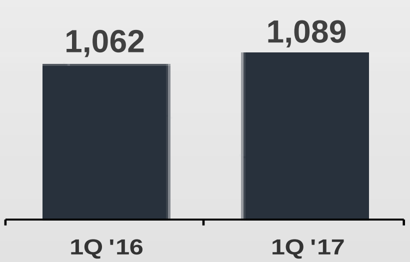
WATER DISTRIB. (MCM)



Electricity DISTRIB. (Gwh)



Gas DISTRIB. (MCM)



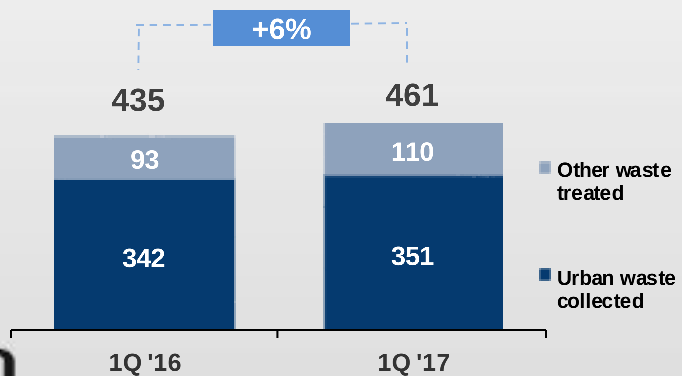
WASTE – better performance both in waste collection and treatment/disposal

- **Waste collection:** Higher efficiency in waste collection systems along with synergies drove the growth in the collection field.
- **Treatment and disposal:** Higher saturation of the WTE plants and positive impact of the growth in PUN price.
- **Special waste** volumes treated +18%

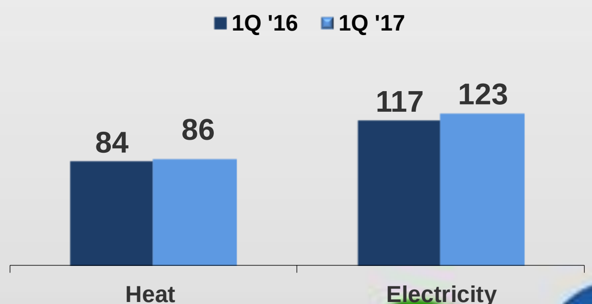
Outlook: Further saturation of the WTE plants, thanks also to the expected absence of extraordinary maintenance initiatives, which instead negatively impacted 4Q 2016 results. Strong push on the adoption of modern "pay-as-you-throw" sorted waste collection systems and significant focus on special waste treatment.

m€	1Q '16	**1Q '17**	Δ	Δ%
Revenues	127	**135**	8	6%
Ebitda	31	**38**	7	22%
Ebit	15	**24**	9	57%
Gross Capex	3	**4**	1	17%

Waste (Kton)



WTEs - Electricity and Heat sold (GWh)



From EBITDA to Net Profit.

	1Q '16	**1Q '17**	Δ	Δ%
EBITDA	239,1	265,0	25,9	10,8%
D&A	*-70,6*	***-76,4***		
Provisions	*-14,3*	***-14,2***		
EBIT	154,3	**174,4**	20,1	13.1%
Financial charges	*-23,6*	***-21,5***		
Other financial costs	*-6,7*	***1,0***		
Companies cons with e.m.and adj.	*-0,4*	***4,9***		
EBT	123,6	**158,8**	35,2	28.4%
Taxes	*-45,9*	***-50,9***		
Minorities	*-4,8*	***-7,2***		
Group net profit	72,9	**100,7**	27,8	38,0%

- **Higher D&A** linked mainly to ATENA and SAP consolidation.

- **Lower financial charges** thanks mainly to lower cost of debt.
- **Lower other financial costs** due to the FV of derivatives and lower actualization charges.
- Higher non-recurring results in minor companies consolidated with equity methods

- **Lower** tax-rate (approximately 32%) thanks to structural decrease in IRES (from 27.5% to 24.0%).

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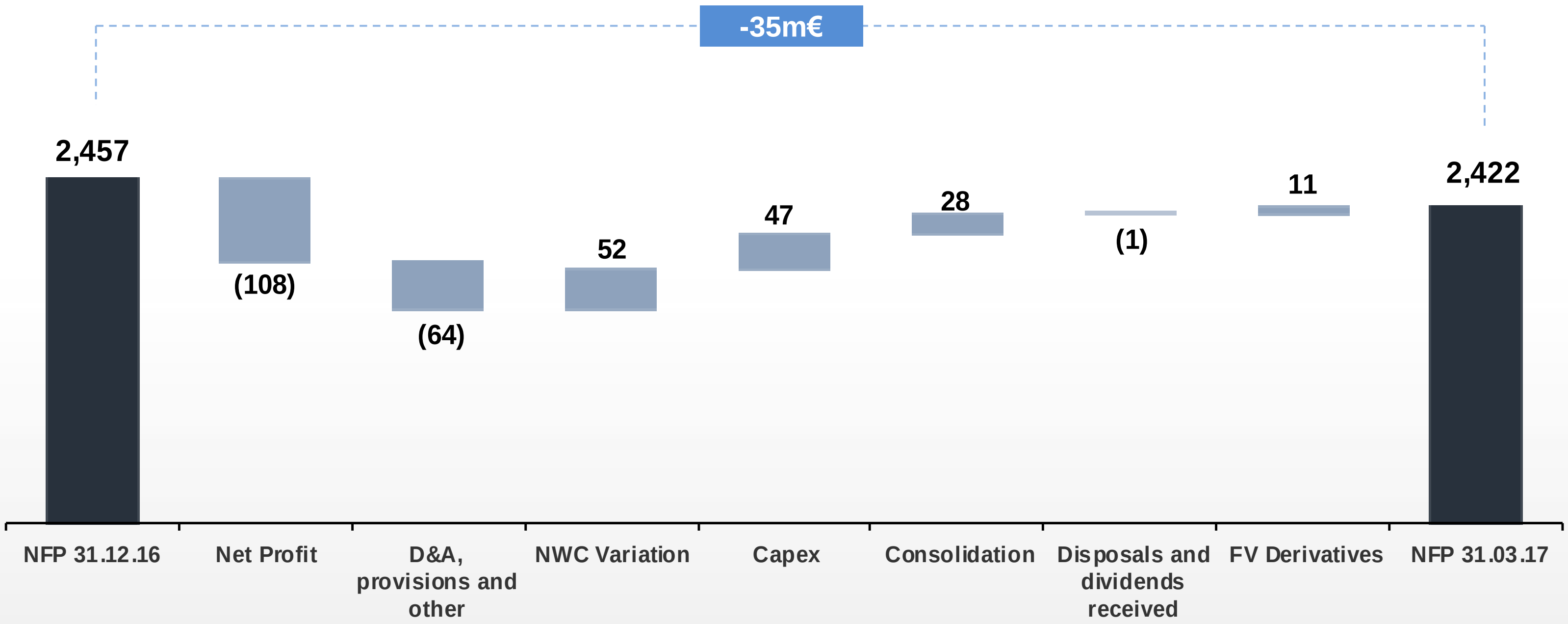
Cash-flow and NFP Bridge.

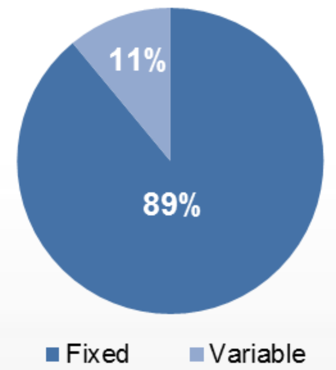


- The robust operating cash-flow generated in the quarter led to a 35m€ net debt decrease in spite of the seasonal growth in NWC and the cash-out for consolidation (mainly SAP and GAIA).

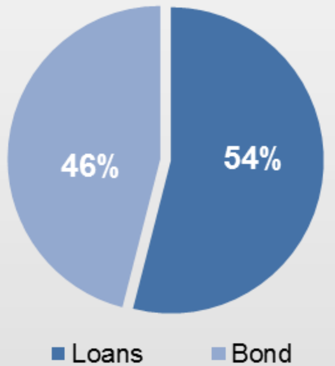
Interest rate and debt structure.

- 89% of gross debt at fixed interest rate.
- Average long-term debt duration of about 4.9 years.
- Further slight reduction in cost of debt (3.3% vs. 3.4% in FY 2016)
- IREN's debt is formed of:
  - 46% bonds
  - 32% EIB loans
  - 22% other loans

Gross debt interest rate



Debt structure



Closing remarks

- 2 years of continuous improvement in efficiency, effectiveness and agility has led to positive results in all the sectors, even without M&A transactions.

- A sound integrated management in the energy value chain and a clear accountabilities attribution contributed to maximize the return, in accordance with IREN's safe risk profile linked to its generation plants portfolio (the majority of which is connected with DH networks) and to its risk policy.

- Synergies achievement in the first quarter (4m€) in line with the business plan targets

- Further contributions from consolidation activities already closed in 2016.

- Net debt trend reduction confirmed (-36m€ in the period)

All these elements make the company confident in the achievement, at the end of 2017, of the business plan targets.

Annexes

Market Scenario.

	1Q '16	**1Q '17**	Δ%
Gas Demand *(bcm)*	24	**26**	9%
TTF *€/000 scm*	148	**200**	35%
PSV *€/000 scm*	169	**217**	29%
Energy Demand *(Twh)*	78	**79**	2%
PUN *(€/Mwh)*	39.6	**57.4**	45%
CO_2 *€/Ton*	5.7	**5.4**	-5%
Green Cert. Hydro *(€/Mwh)*	100.1	**107.3**	7%

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Balance Sheet.

	1Q '17	FY '16
Net fixed assets	***5,242***	*5,220*
Net Working Capital	***223***	*171*
Funds	***-567***	*-562*
Other assets and liabilities	***-86***	*-84*
Net invested capital	**4,812**	4,745
Group Sharholders' equity	***2,390***	*2,288*
Net Financial Position	***2,422***	*2,457*
Total Funds	**4,812**	4,745

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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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