iren

14th November 2017

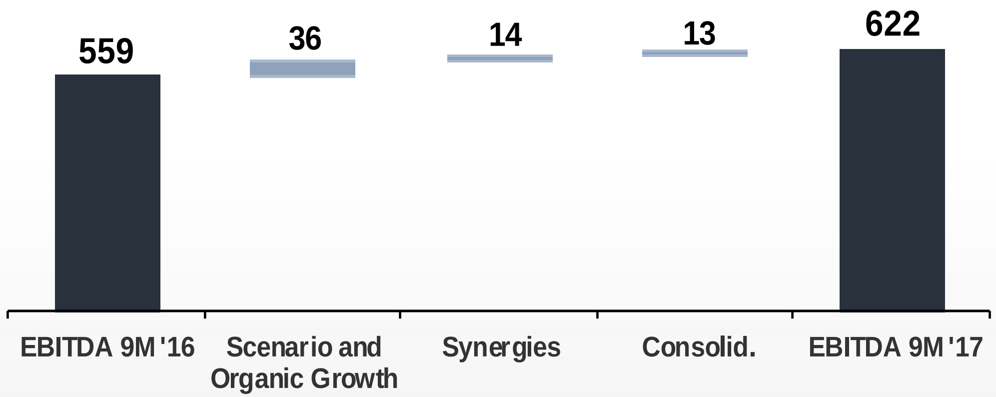
2017 – 9M Results

9M 2017: Double digit growth in all the operating KPIs.

KPIs

m€	9M '16*	**9M '17**	Δ	Δ%
Revenues	2,228	**2,614**	386	17.3%
Ebitda	559	**622**	63	11.3%
Ebit	281	**341**	60	21.4%
Net profit	126	**180**	53	42.3%
Tech. Capex	157	**200**	43	27.8%

Ebitda Bridge



- **Revenues +17.3%:** Growth in revenues linked mainly to higher commodities prices (PUN +38.5%).
- **Ebitda +11.3%:** 80% of the total growth is attributable to synergies and organic growth while 13m€ derive from the transactions completed in 2016 (mainly Atena, SAP and REI).
- **Ebit +21.4%:** reflects the good operating results which more than offset higher D&A, linked to the change in scope of consolidation.
- **Net profit +42.3%:** Good operating results reflected in the bottom line, including lower financial charges and lower taxes (lower IRES percentage effect).
- **Tech. Capex +27.8%:** Strong increase in particular in network-based business, in line with expectations.

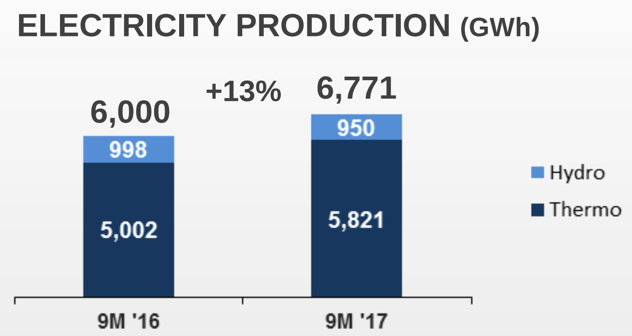
*Restated ex IFRS 3

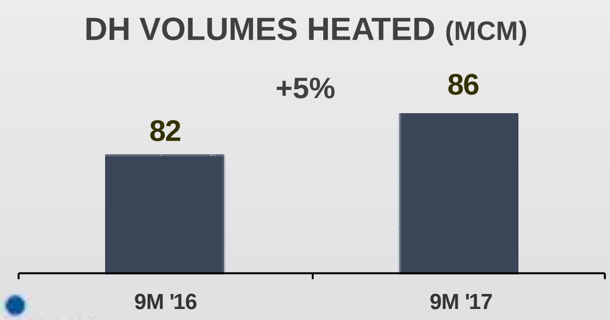
GENERATION AND DH – Positive results confirmed.

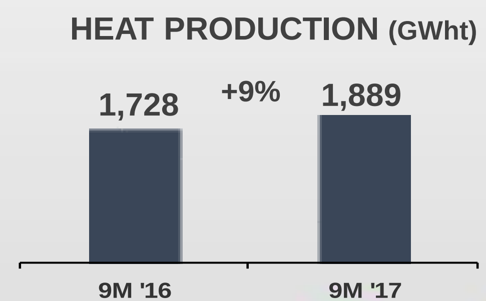
- Strong growth in operating performance thanks to the capacity of the Group to exploit its balanced generation fleet and the scenario conditions.
- **Generation sector** confirms and slightly improve the increase in profitability thanks to higher spark-spreads and margins from ancillary services.
- **Hydroelectric sector's** 5% lower production (due mainly to run-of-the-river plants) was more than offset by higher PUN.
- **Heat sector:** higher volumes mainly linked to the increase in volumes heated (+4mcm).

Outlook: Q4 results will be linked to the electricity scenario (extraordinarily positive in 2016) and to climate trend.

m€	9M '16	**9M '17**	Δ	Δ%
Revenues	547	**755**	208	38%
Ebitda	140	**178**	38	27%
Ebit	52	**88**	36	71%
Gross Capex	25	**38**	13	49%







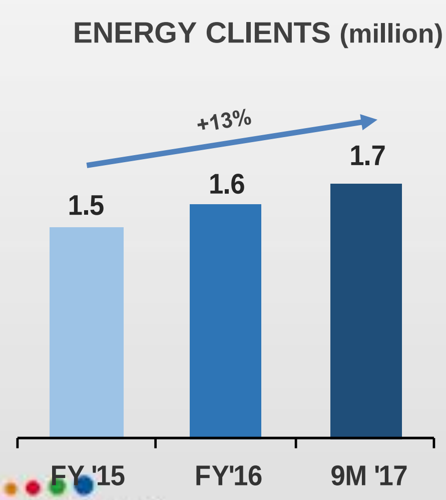
MARKET – Negative scenario still affecting the electricity sector.

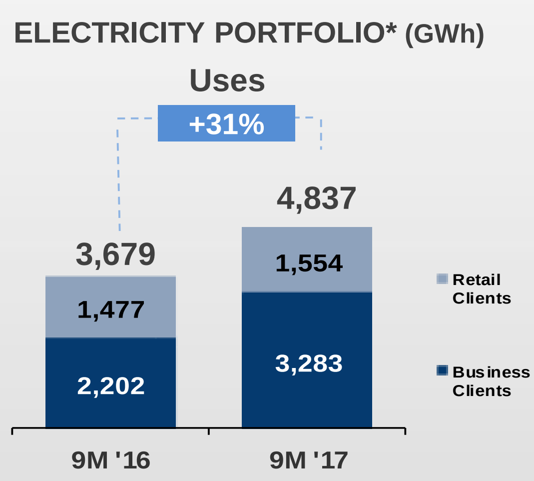
The higher than expected growth in PUN (+38%) halved the electricity sector margin, confirming the trend already reported in the first half of the year. This element was partially offset by:

- Active client management and client-base growth: **+31% electricity volumes sold to end Clients**.
- Strong results in gas sector thanks to use of stored gas bought during 2016 summer season at favorable price.

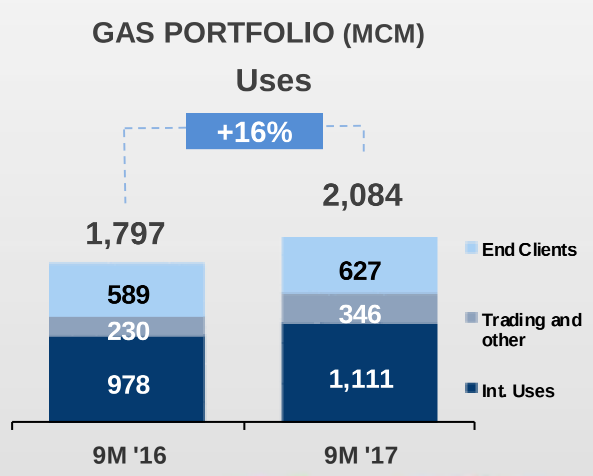
m€	9M '16	**9M '17**	Δ	Δ%
Revenues	1,467	**1,689**	222	15%
Ebitda	97	**85**	-12	-13%
Electricity	*44*	***20***	*-24*	*-55%*
Gas&Heat	*53*	***65***	*12*	*23%*
Ebit	53	**47**	-6	-12%
Gross Capex	12	**15**	3	22%

Outlook: Electricity scenario stabilization and slightly worse gas market conditions are expected in the last part of the year.





*net of Ipex, wholesalers and other



NETWORKS – synergies, consolidation and balances for previous years drove the growth

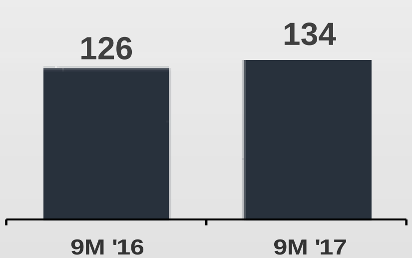
- **Energy networks:** Achieved synergies, in line with expectations, more than offset higher costs for "white certificates".

- **Water networks:** Strong increase in EBITDA is linked mainly to the change in scope of consolidation (Atena and SAP), higher allowed revenues and balances from previous years (approximately 10m€).

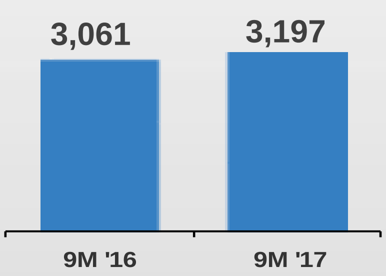
Outlook: Q4 ordinary growth drivers will be substantially the same reported in the first nine months of the year.

m€	9M '16	**9M '17**	Δ	Δ%
Revenues	591	**668**	77	13%
Ebitda	220	**242**	22	10%
Electricity	*51*	***53***	*2*	*4%*
Gas	*56*	***60***	*4*	*7%*
Water	*113*	***129***	*16*	*14%*
Ebit	125	**142**	17	14%
Gross Capex	97	**120**	23	24%

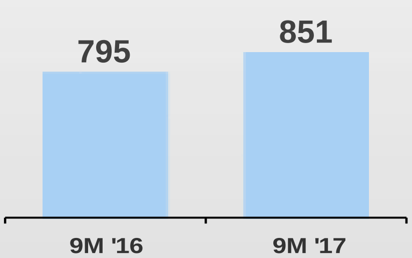
WATER DISTRIB. (MCM)



Electricity DISTRIB. (Gwh)



Gas DISTRIB. (MCM)



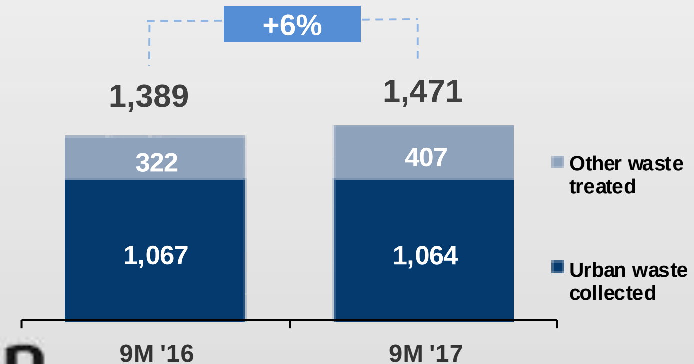
WASTE – Further improvement in organic growth.

- **Higher margins** coming from WTE (higher saturation and persistent high drove the significant growth in the sector.
- **REI**, the new landfill in Collegno (Turin) for special waste came on stream in May. Year-end expected total contribution equals to 4-5 million euros

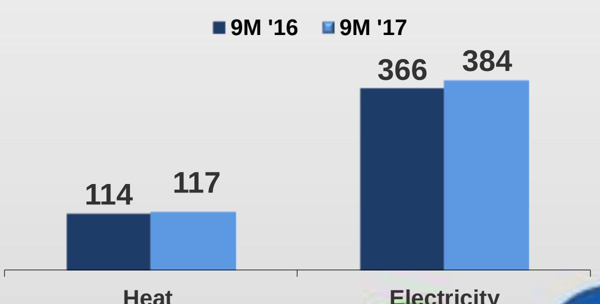
m€	9M '16	**9M '17**	Δ	Δ%
Revenues	382	**408**	26	7%
Ebitda	96	**116**	20	21%
Ebit	45	**62**	17	37%
Gross Capex	13	**13**	0	3%

Outlook: WTE plants capacity are and will be substantially saturated in 2017.

Waste (Kton)



WTEs - Electricity and Heat sold (GWh)



From EBITDA to Net Profit.

	9M '16*	**9M '17**	Δ	Δ%
EBITDA	558.9	622.2	63.3	11.3%
D&A	*-220.8*	***-233.5***		
Provisions	*-57.6*	***-48.0***		
EBIT	280.6	**340.6**	60.0	21.4%
Financial charges	*-69.7*	***-62.4***		
Other financial costs	*-8.8*	***2.6***		
Companies cons with e.m.and adj.	*16.0*	***13.0***		
EBT	218.1	**293.9**	75.8	34.7%
Taxes	*-77.3*	***-92.6***		
Minorities	*-14.6*	***-21.7***		
Group net profit	126.2	**179.6**	53.4	42.3%

- **Higher** D&A linked mainly to ATENA and SAP consolidation.
- **Provision in line with expectations** (2016 3Q was impacted by a negative one-off)

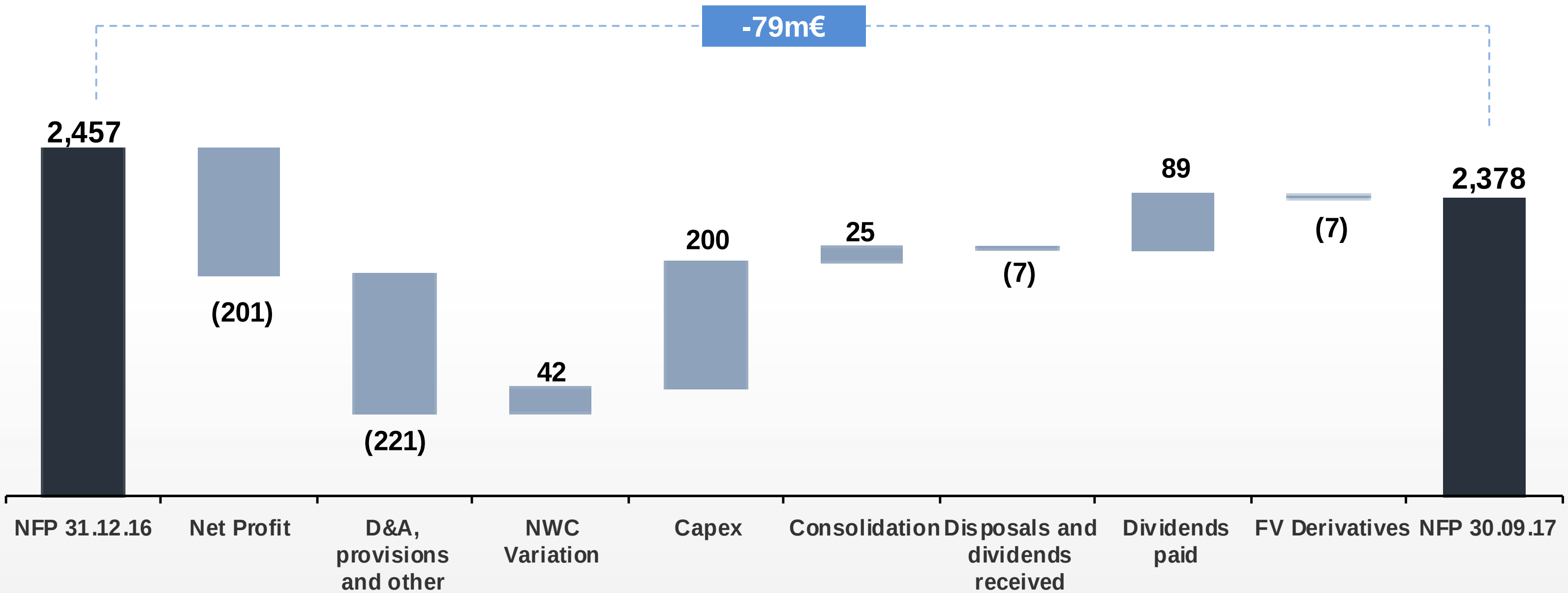
- **Lower financial charges** thanks mainly to lower cost of debt.
- **Lower other financial costs** due to the FV of derivatives and lower actualization charges.
- **Lower non-recurring adjustment in equity investments** consolidated with equity methods (Salerno Energia Vendite) vs. 9M 2016 (TRM).

- **Lower** tax-rate (approximately 32%) thanks to structural decrease in IRES.
- **Higher minorities** due to better results in our subsidiary (TRM, IREN Acqua etc.)

iren

*Restated ex IFRS 3

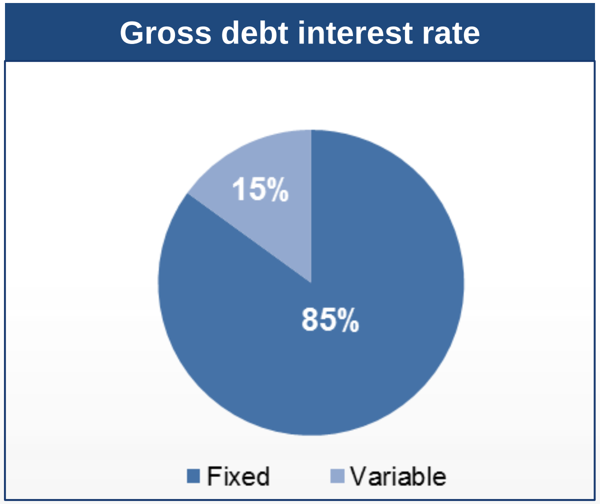
Cash-flow and NFP Bridge.

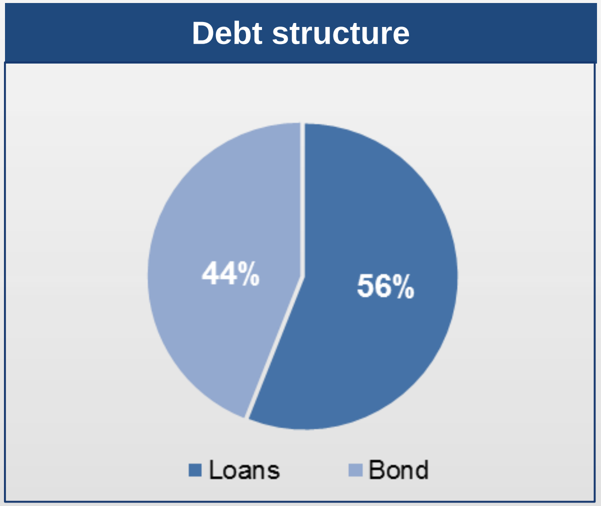


- Continuous debt reduction (-79m€ in the first nine months of the year) thanks to the robust operating cash-flow generation.

Interest rate and debt structure.

- 85% of gross debt at fixed interest rate.
- Average long-term debt duration of about 4.8 years (5.8 years including the Green Bond and the liability management operations).
- Slight reduction in cost of debt (3.2% vs. 3.4% in 9M 2016)
- IREN's debt is formed of:
  - 44% bonds*
  - 32% EIB loans
  - 24% other loans





*Excluding the Green Bond issued in October 2017

Annexes

Market Scenario.

	9M '16	**9M '17**	Δ%
Gas Demand *(bcm)*	48	**52**	8%
TTF *€/000 scm*	139	**176**	26%
PSV *€/000 scm*	159	**198**	24%
Energy Demand *(Twh)*	232	**234**	1%
PUN *(€/Mwh)*	37.0	**51.3**	38.0%
CO2 *€/Ton*	5.7	**5.3**	-7%
Green Cert. Hydro *(€/Mwh)*	100.1	**107.3**	7%

Balance Sheet.

	9M '17	FY '16*
Net fixed assets	***5,245***	*5,233*
Net Working Capital	***213***	*171*
Funds	***-548***	*-562*
Other assets and liabilities	***-110***	*-88*
Net invested capital	**4,800**	4,754
Group Sharholders' equity	***2,422***	*2,297*
Net Financial Position	***2,378***	*2,457*
Total Funds	**4,800**	4,754

**Restated ex IFRS 3*

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.