



IREN RESULTS

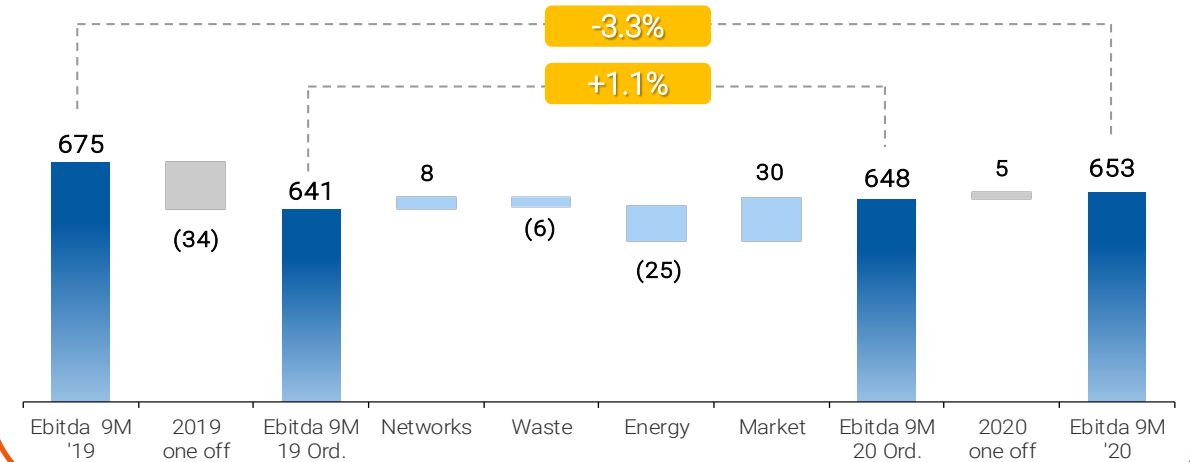
9M 2020

10th November 2020

KPIs

	m€	9M '19	9M '20	Δ	Δ%
Revenues		3,190	2,629	-561	-17.6%
Ebitda		675	653	-22	-3.3%
Ebit		344	290	-54	-15.6%
Group net profit		191	153	-38	-19.7%
Tech. Capex		324	414	90	27.9%

EBITDA BRIDGE (m€)



- **Revenues -17.6%:** decrease mainly in the energy value chain revenues caused by lower volumes and prices and strategic choices in market
- **Ebitda -3.3%:** Positive recurrent results despite a difficult scenario affected by Covid for 12 m€, negative impact from regulation of 8m€, the persistence of mild temperatures effects for over 10m€ and a drop in energy prices consequently of lower volumes.
- **Ebit -15.6%:** higher depreciations and provisions to bad debt due to the emergency partially offset by a release of a provision fund for 16m€
- **Group net profit -19.7%:** reflecting the Ebit negative trend
- **Tech. Capex +27.9%:** strong capex plan following business plan assumptions. The increase is mainly explained by Turbigio plant repowering

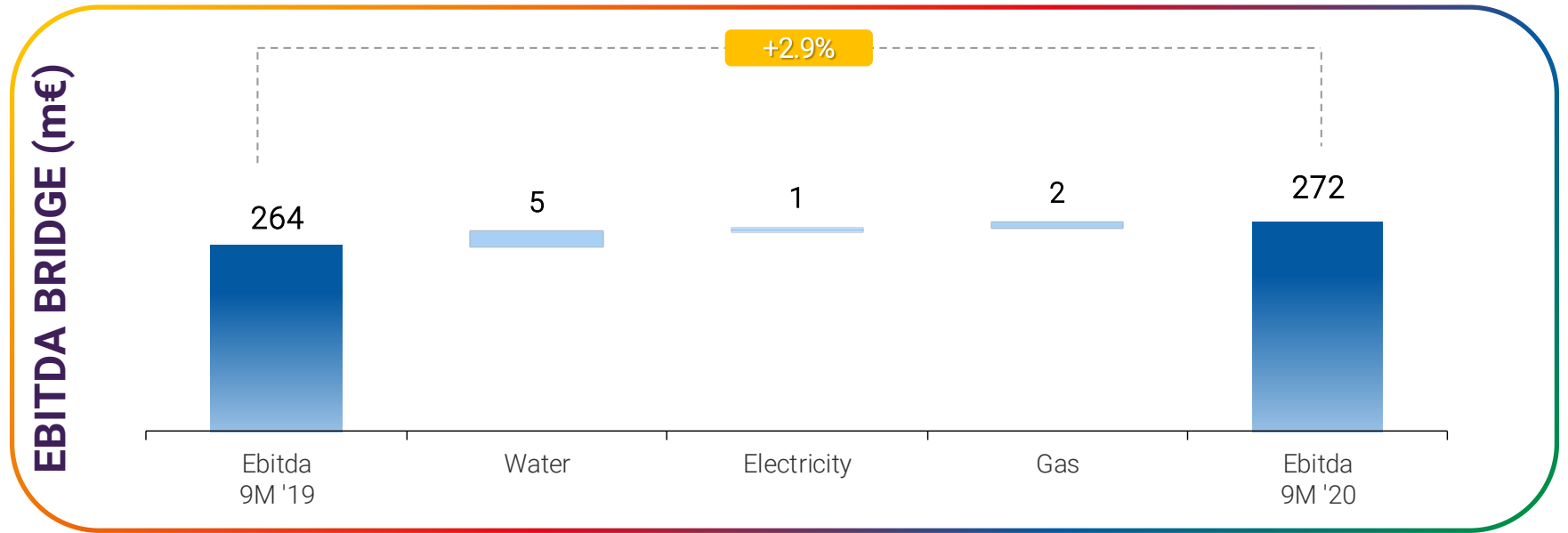
NETWORKS | RAB growth and synergies support the Ebitda rise

+ RAB growth combined with synergies led the 3% Ebitda increase

+ Despite the slowdown caused by the lockdown, **investments** are in line with the BP assumptions

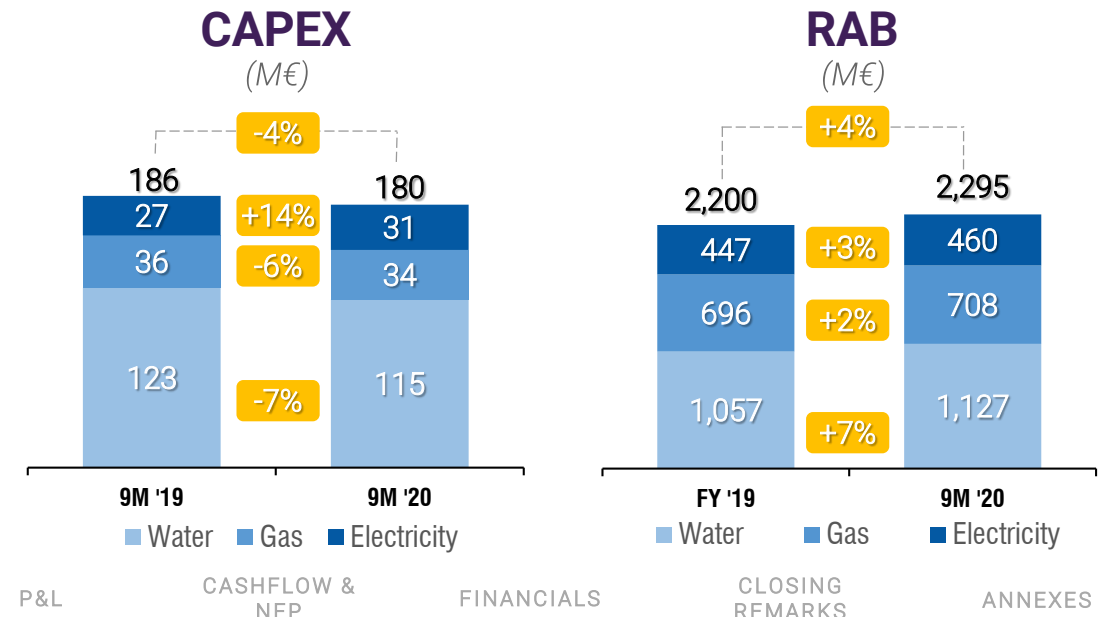
+ Strong acceleration in the activities of **districtization**, which already reached the 2020 target

- Negative impact from **regulation** due to lower costs recognized in tariffs, mainly in water and gas sector

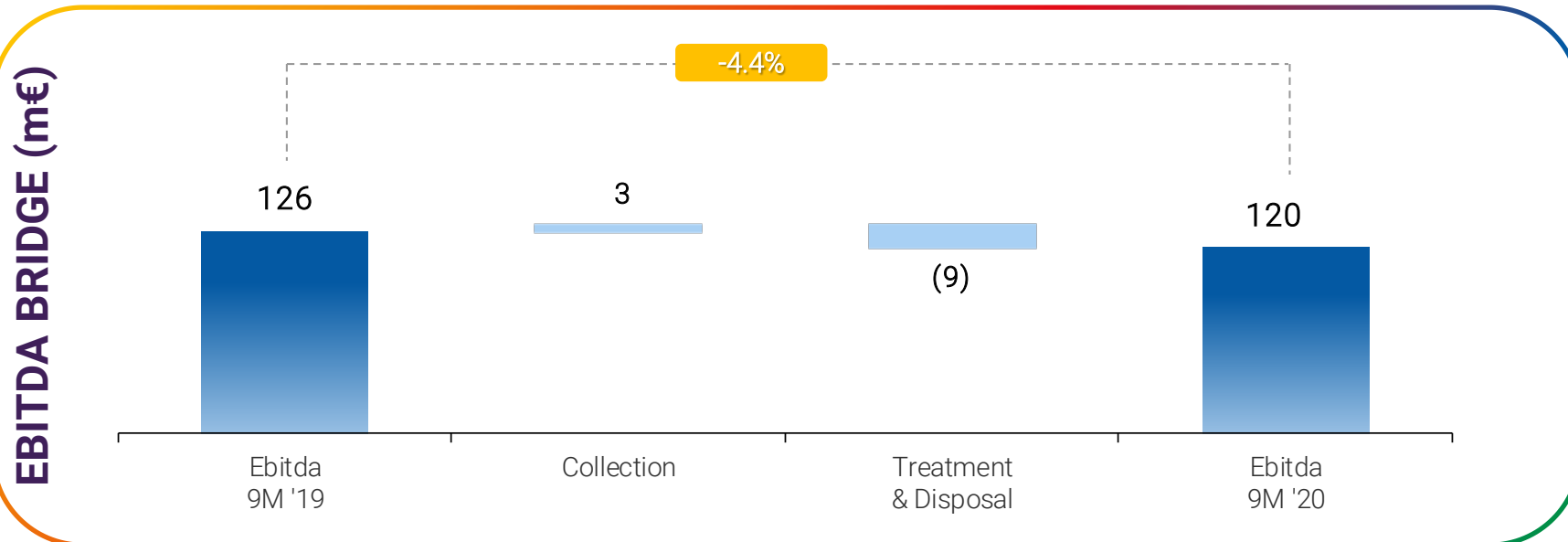


OUTLOOK

Despite the absence of 2019 one-off for 14m€ in 4Q, EBITDA 2020 will be slightly higher due to the increase in allowed revenues



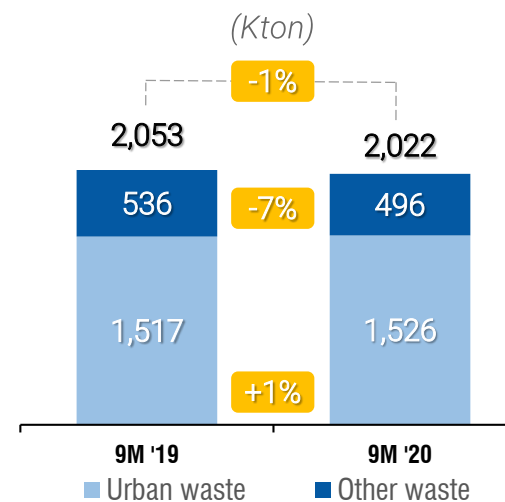
- + Higher margins on collection activities
- + I.Blu positive contribution for 2m€
- + Saturation of WTE plants, through the reorganization of flows
- + Sorted waste increased to 69.1%
- Decrease in waste managed (-1%) compared to 9M 2019 mainly on landfill, led by Covid emergency
- Lower PUN price affected the electricity sold for 7m€



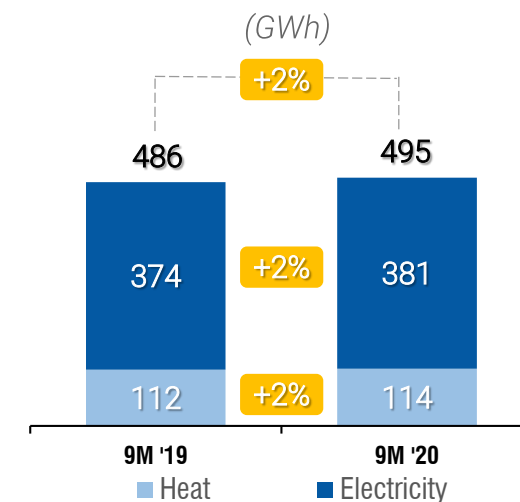
OUTLOOK

The consolidation activities will offset the COVID19 impacts, obtaining a result slightly increase compared with last year

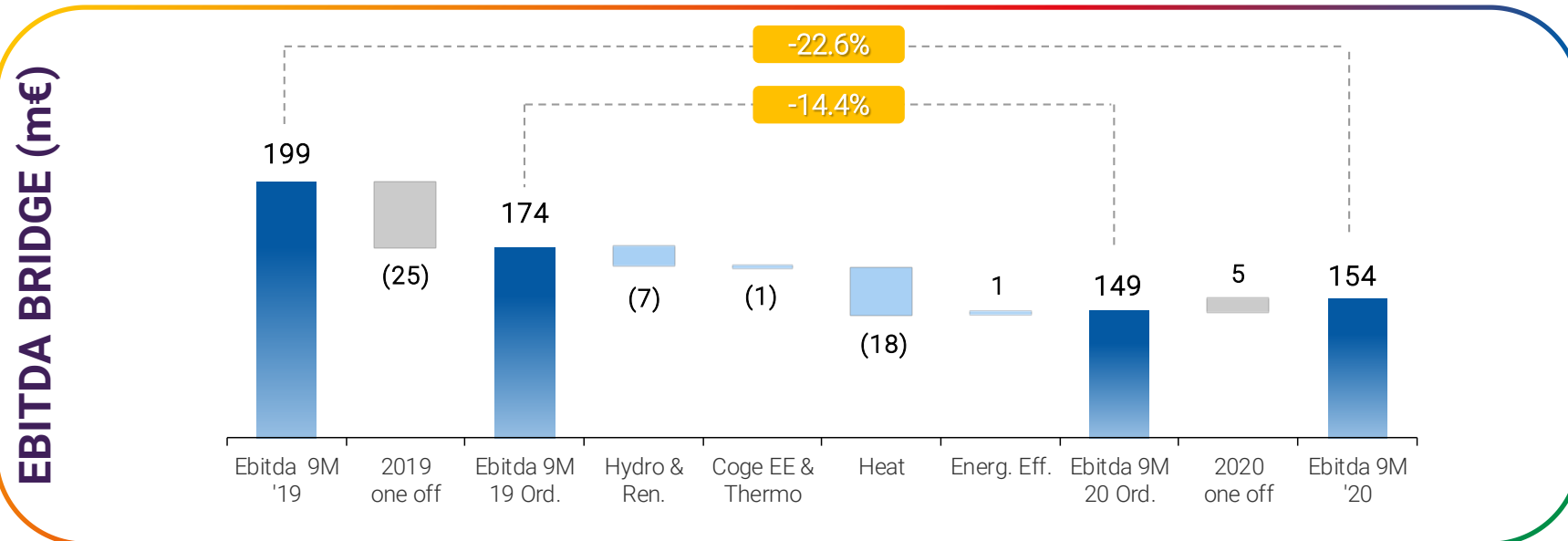
WASTE MANAGED



WTEs ENERGY SOLD



- + Higher **hydro** volumes
- + Positive results in the **ancillary services** market (60m€ vs 50m€ in 2019), despite a decline in Q3
- + Increase in **thermo** volumes
- Lower **coge** volumes
- Lower **heat** distributed due to mild temperature
- Drop in PUN, in electricity clean spark spread and in heat spark spread

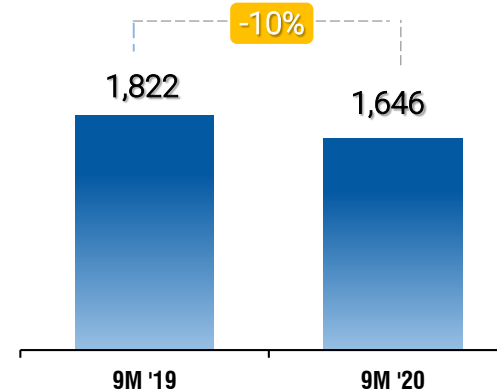


OUTLOOK

Stripping out non recurrent elements, the result is expected to be lower than 2019 due to lower expectations on 4Q MSD and a turbine failure

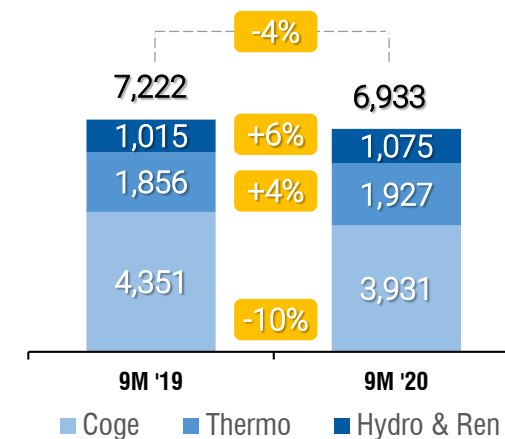
HEAT PRODUCED

(GWht)

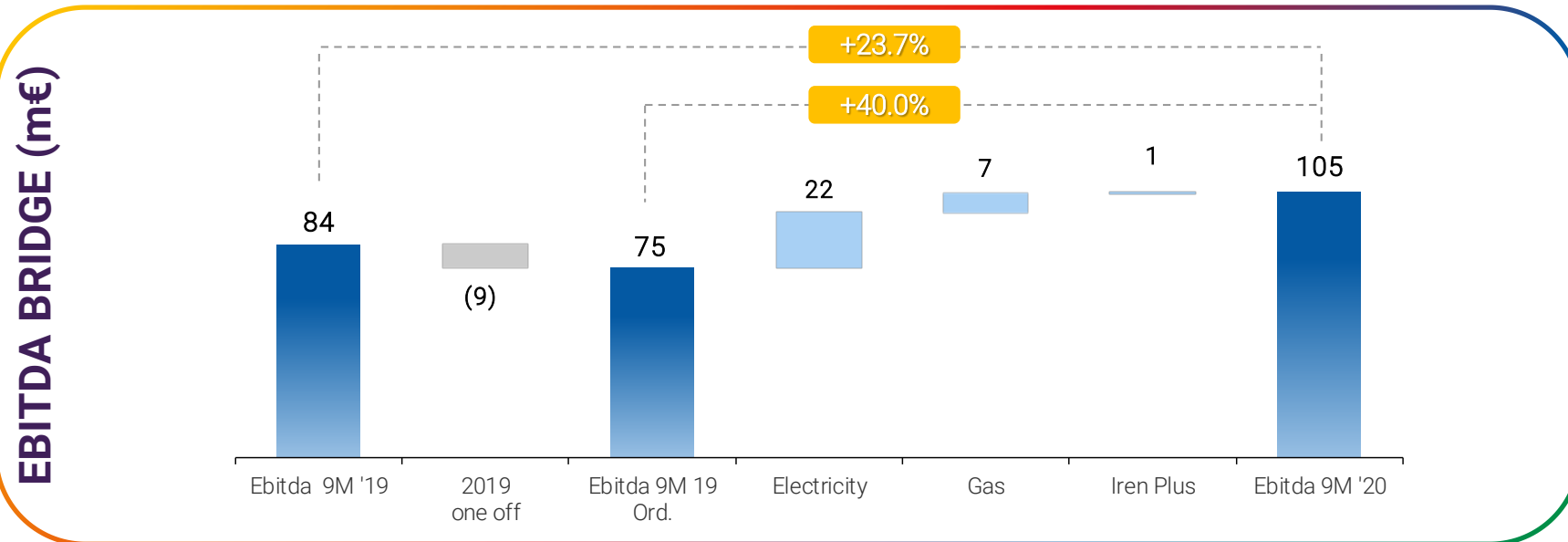


ELECTRICITY PRODUCED

(GWh)



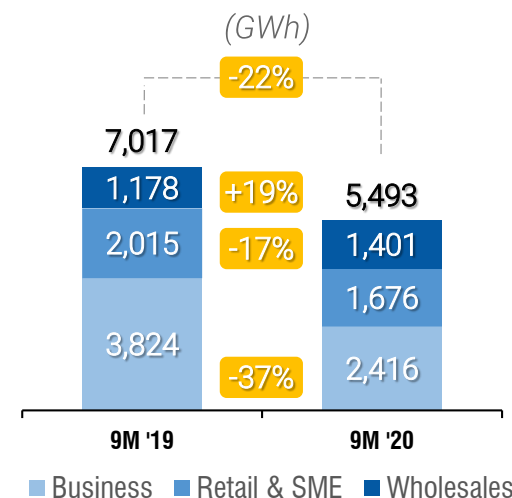
- + Positive repricing policy and hedging activities in both sectors
- + Customer base at 1.873m clients (+57k vs FY2019)
- + Iren Plus positive contribution
- Lower electricity volumes mainly in SMEs and Business segment, primarily for Covid impact
- Lower gas volumes to end clients due to the mild climate
- Emerging costs related to digital migration of our CRM systems and marketing activities



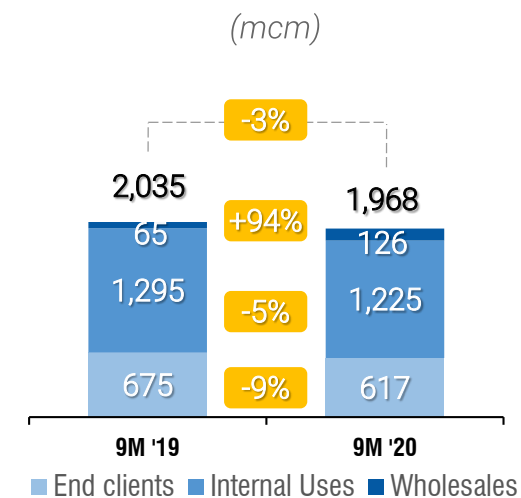
OUTLOOK

On top of margins recovery stabilization, we expect a further growth driven by customer base expansion.

ELECTRICITY - USES



GAS - USES

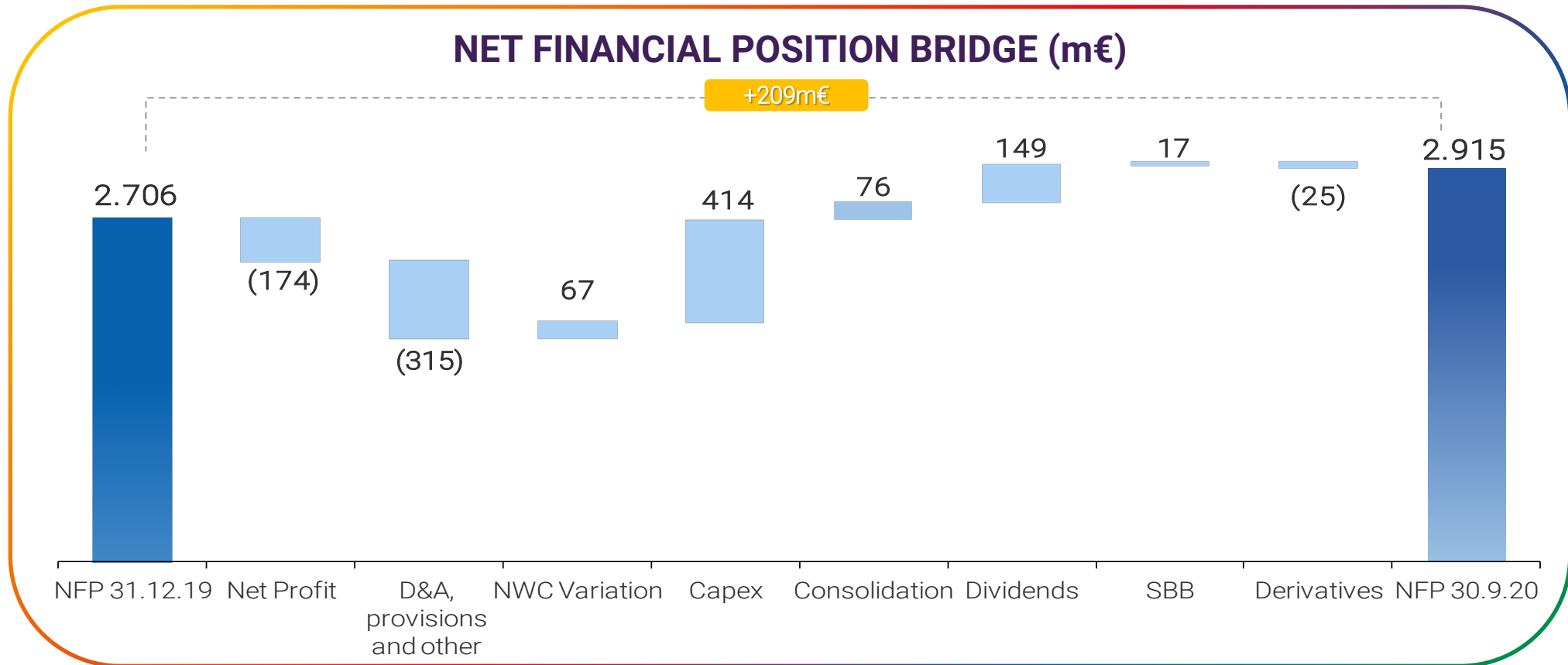


FROM EBITDA TO GROUP NET PROFIT (m€)

	9M '19	9M '20	Δ	Δ%
EBITDA	675.1	652.6	-22.5	-3.3%
<i>D&A and others</i>	-307.4	-311.1		
<i>Provisions to bad debt</i>	-23.7	-51.3		
EBIT	343.9	290.2	-53.8	-15.6%
<i>Financial charges</i>	-46.9	-51.3		
<i>Companies cons with e.m.</i>	4.7	6.5		
<i>Other financial</i>	1.2	0.7		
EBT	302.9	246.1	-56.7	-18.7%
<i>Taxes</i>	-90.7	-72.6		
<i>Minorities</i>	-21.2	-20.2		
Group net profit	191.0	153.3	-37.7	-19.7%

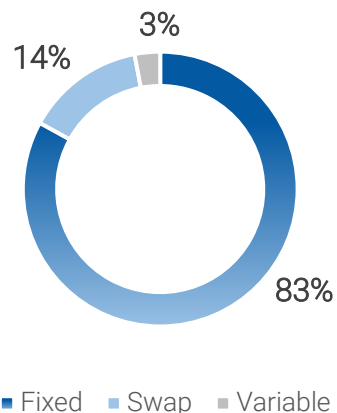
- Release of Hydroelectric provision funds for 16 m€
- Higher provisions to bad debt related to COVID emergency for 25 million euros

- Slight reduction of tax-rate at 29.5%

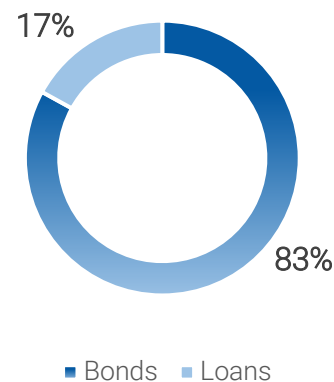


- The increase is due to the strong growth in investments, consolidation activities and the worsening of net working capital, following the delay in the receipts of trade receivables due to Covid-19 (+50 million euros).
- The consolidation activities of I.Blu, Sei and NOS led to higher debt
- On 28th October 2020, the second tranche of SBB program ended

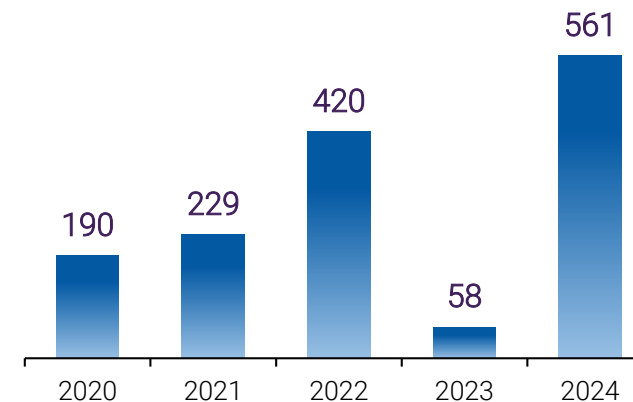
INTEREST RATE



DEBT STRUCTURE



MATURITIES



- 97% of gross debt at fixed interest rate and 3% of gross debt at variable interest rate
- Average long-term debt **duration** of about **5,7 years** vs 5.3 years in 9M 2019
- Reduction in the **average cost of debt** (2.1% vs. 2.5% in 9M 2019)

- 54% of the Iren total debt is composed by green and **assimilated** instruments (39% Green Bond, 15% EIB loans)
- Iren is the only Italian local multiutility to have issued **3 Green Bonds** for a total size of 1.5b€

MAIN 9M 2020 TAKEAWAYS

- Ebitda decrease lead by the absence of several positive one-offs reported last year and by a 3Q results in line with our expectations
- Negative Covid impact on Ebitda: 12m€
- M&A activism confirmed
- Investment plan confirmed

COVID IMPACTS ON FY 2020 CONFIRMED

The visibility achieved after the 9M leads to confirm the Covid impacts on FY 2020:

- Ebitda impact for 15m€
- Net working capital increase for around 80m€
- Credit losses for around 25m€

In light of the previous elements, we confirm our guidance on FY 2020:

GUIDANCE ON FY 2020

- Ebitda: 910m€ (of which 6m€ from M&A)
- Net profit: ~210m€
- NFP/Ebitda: ~3.5x (of which 0.2x from M&A)
- Capex: ~630m€

Annexes

NETWORKS

	m€	9M '19	9M '20	Δ	Δ%
Revenues		740	745	5	1%
Ebitda		264	272	8	3%
Electricity		55	56	1	2%
Gas		63	65	2	3%
Water		146	151	5	3%
Ebit		140	132	-8	-6%
Gross Capex		186	180	-6	-3%

WASTE

	m€	9M '19	9M '20	Δ	Δ%
Revenues		531	533	2	0%
Ebitda		126	120	-6	-4%
Collection		42	45	3	7%
Treatment & disposal		84	75	-9	-11%
Ebit		55	46	-9	-15%
Gross Capex		34	57	23	70%

ENERGY

	m€	9M '19	9M '20	Δ	Δ%
Revenues		1,088	787	-301	-28%
Ebitda		199	154	-45	-23%
Hydro&Renewables		58	48	-10	-17%
Thermo/Coge, DH		134	98	-36	-27%
Energy efficiency		7	8	1	14%
Ebit		101	64	-37	-36%
Gross Capex		43	105	62	n.s.

MARKET

	m€	9M '19	9M '20	Δ	Δ%
Revenues		2,061	1,472	-589	-29%
Ebitda		84	105	21	24%
Electricity		27	44	17	63%
Gas&Heat		57	61	4	7%
Ebit		47	46	-1	-3%
Gross Capex		30	34	4	13%

	9M '19	9M '20	Δ%
Gas Demand (<i>bcm</i>)	53.9	49.5	-8.1%
TTF €/000 <i>scm</i>	147	80	-45.4%
PSV €/000 <i>scm</i>	175	95	-45.6%
Energy Demand (<i>Twh</i>)	241.9	225.1	-6.9%
PUN (€/Mwh)	53.8	35.6	-33.8%
CO2 €/Ton	24.9	23.8	-4.3%
Green Cert. Hydro (€/Mwh)	92.1	99.1	+7.5%
TEE (€/TEE)	260	260	-

	FY '19*	9M '20
Net fixed assets	6,101	6,232
Net Working Capital	166	232
Funds	-625	-590
Other assets and liabilities	-284	-287
Net invested capital	5,358	5,587
Group Shareholders' equity	2,652	2,672
Net Financial Position	2,706	2,915
Total Funds	5,358	5,587

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 document is consistent with the accounting documents, records and books.

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