



Q1 2023 RESULTS

May 11th, 2023

Key Highlights

EBITDA on track with full-year guidance, driven by the recovery of the Market BU's profitability despite severe volumes contraction

Organic growth, led by strong investments, offset by inflation still not captured in tariffs

Effectiveness in extracting value from M&A transactions

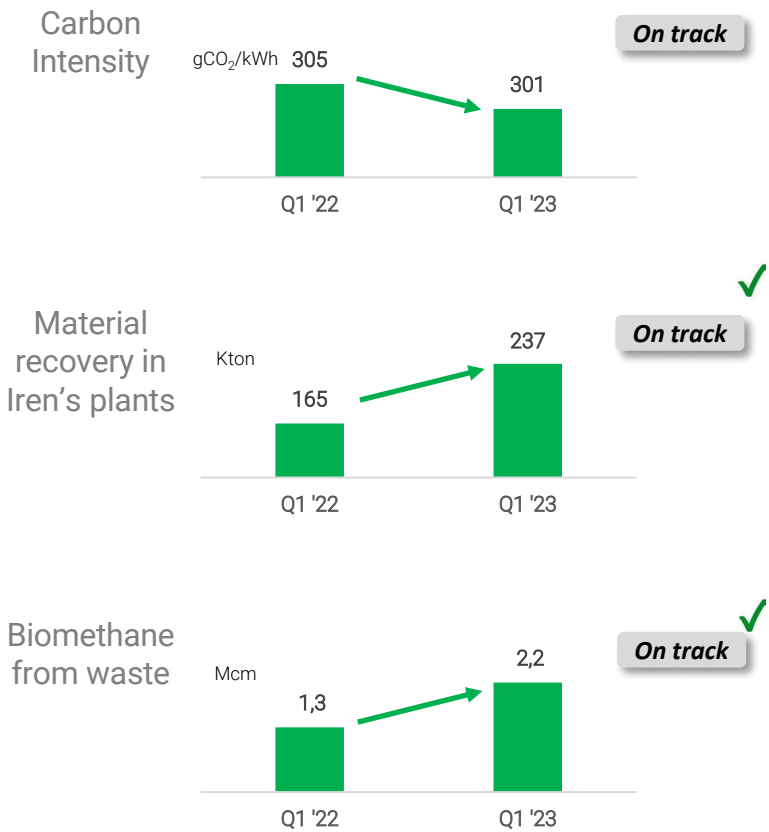
The recent rating upgrade validated the continuous financial discipline

FY 2023 Guidance confirmed

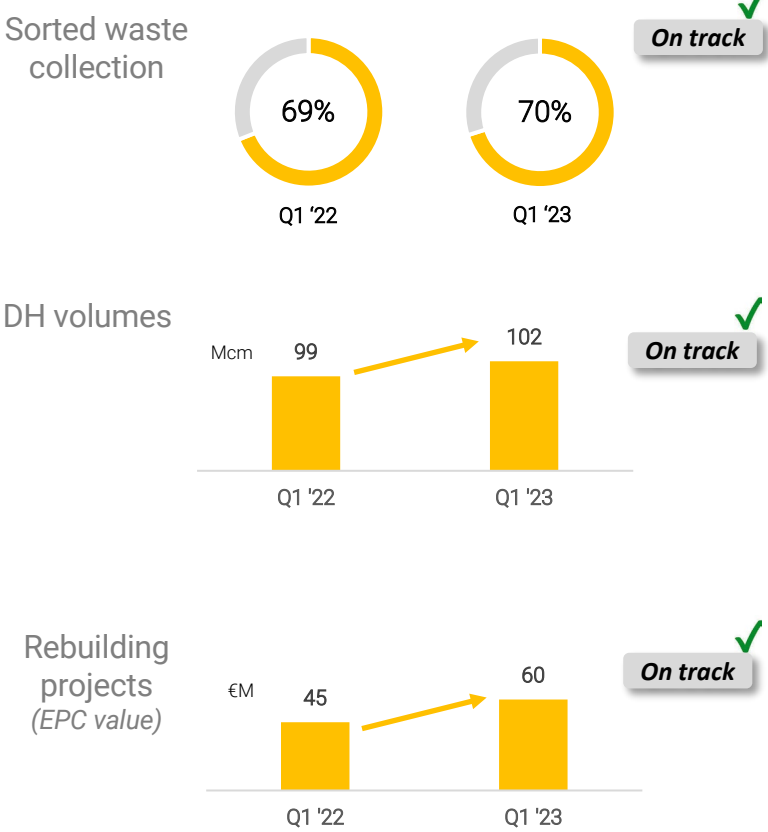
On track on all sustainable key indicators



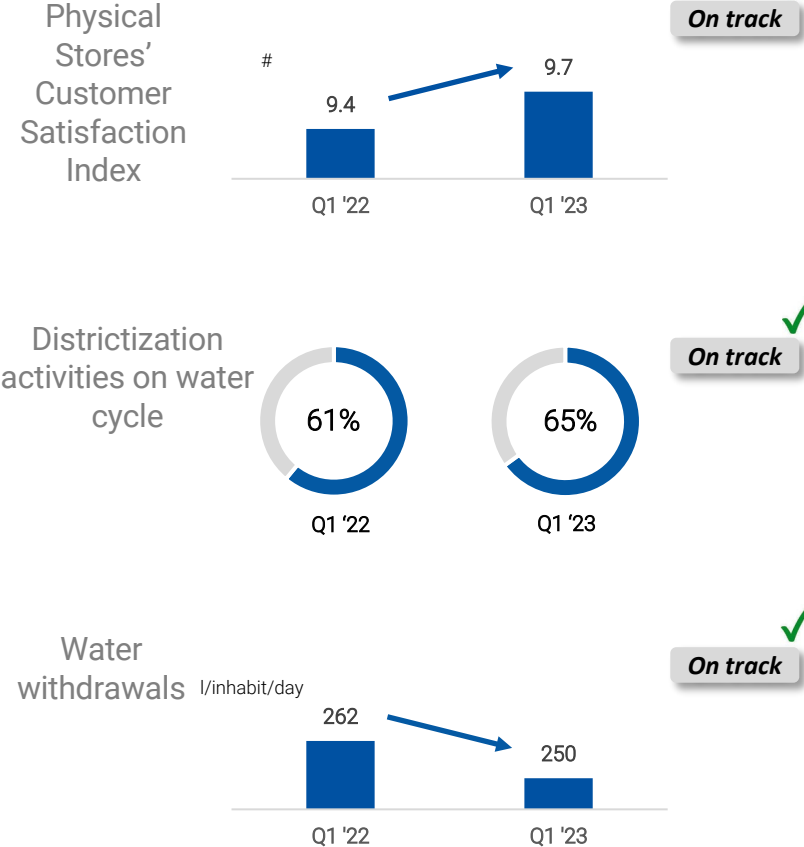
Green transition



Local presence



Service quality

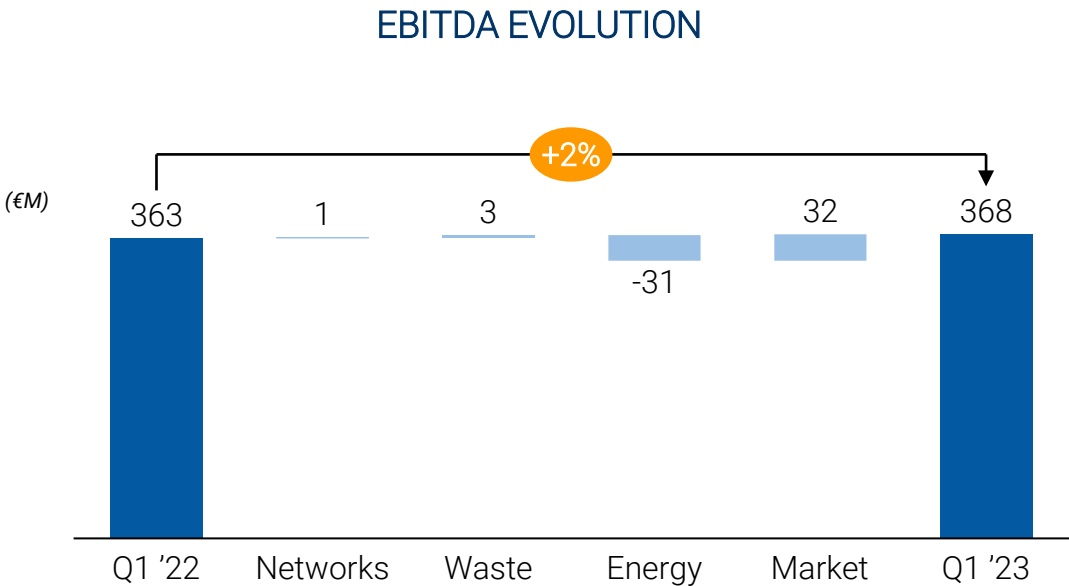


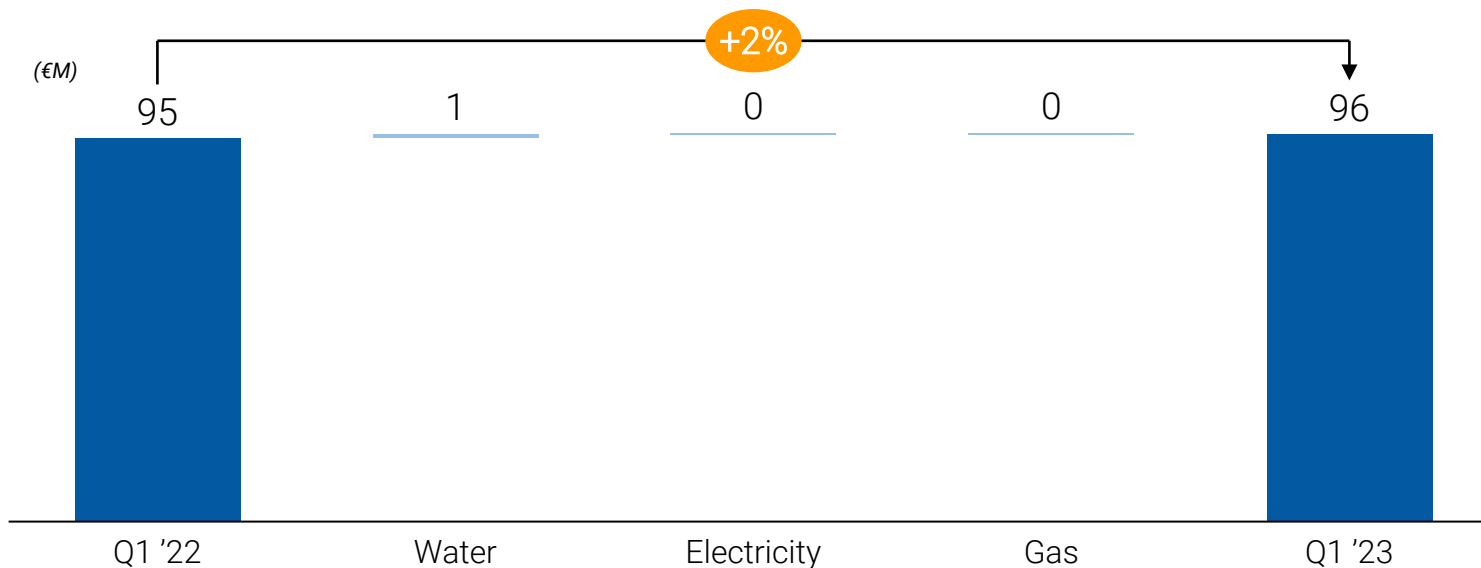
Market profitability recovery offset by severe energy volumes contraction



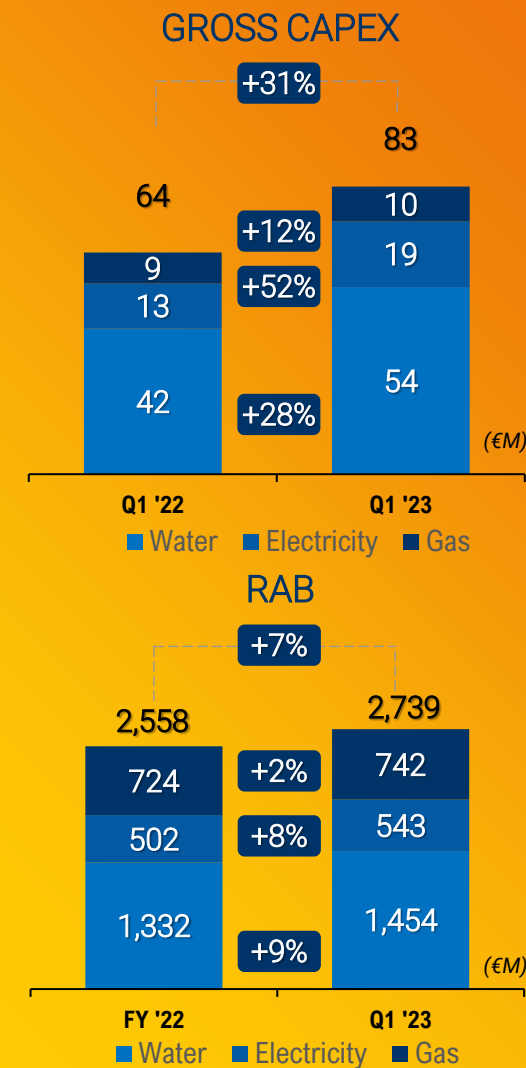
(€M)	Q1 '22	Q1 '23	Δ	Δ%
Revenues	2,186	2,020	-166	-7.6%
EBITDA	363	368	6	1.6%
EBIT	225	210	-15	-6.5%
Group net profit	118	135	17	14.6%
Gross investments	378	265	-113	-29.8%
Net Financial Position	3,347*	3,716	369	11.0%

* FY 2022

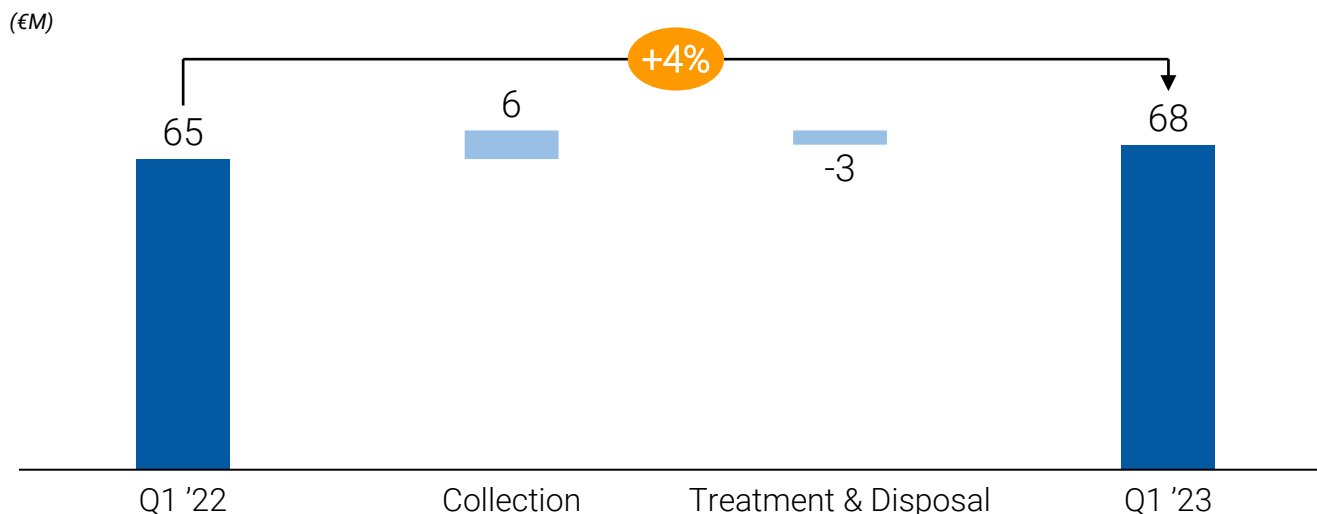




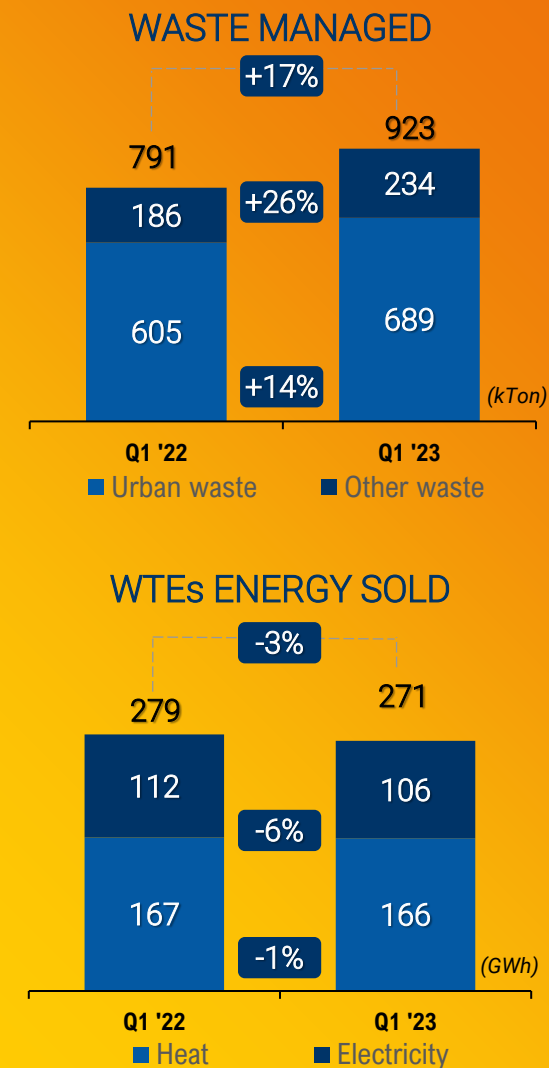
- 7% RAB expansion led by Water and Electricity businesses
- Higher operational costs due to inflation, which will be recovered in tariffs in the coming years
- +31% investments increase mainly linked to wastewater revamping and the modernisation of Gas and Electricity networks
- Consolidation in Water networks underway (AMTER, Acquaenna)



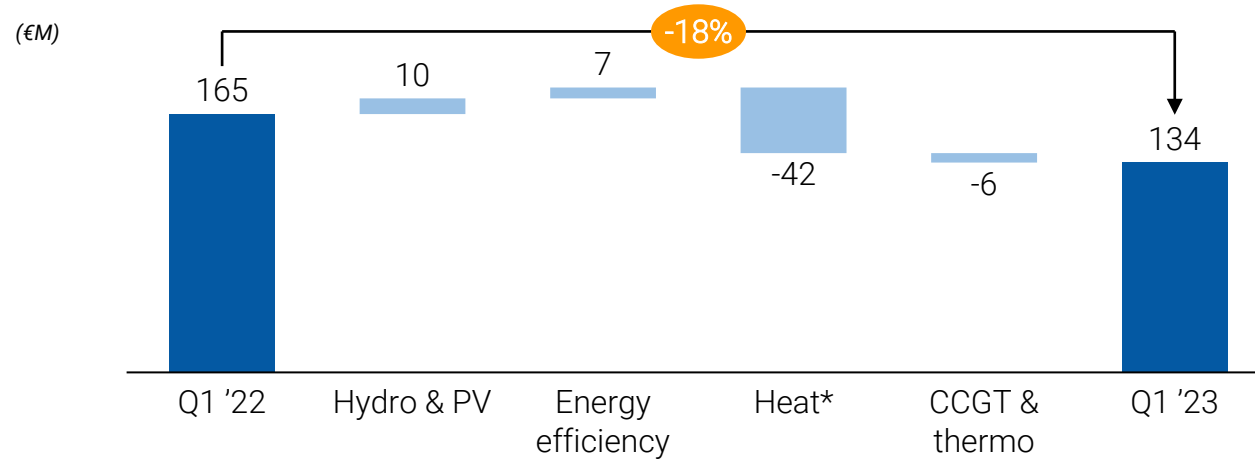
Waste performance in line with prior year



- **Treatment & Disposal:** favourable contribution from WTEs supported by higher PUN price, counterbalanced by lower energy volumes sold (-3%), heat price and lower recyclable waste prices
- Inflation offset by efficiencies
- **Collection:** positively affected by SEI Toscana consolidation (from July '22)
- Doubling of investments to support the phase-in of 3 new plants in Q2 2023



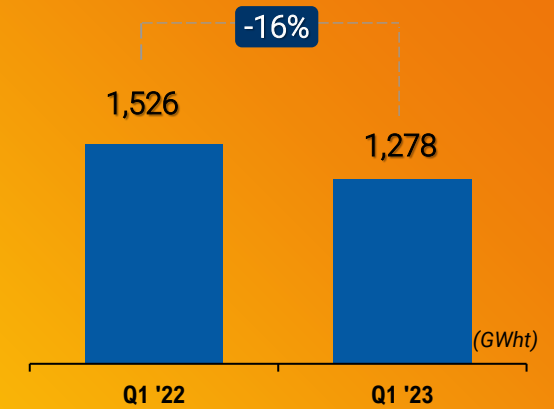
Lower volumes affecting energy profitability across the board



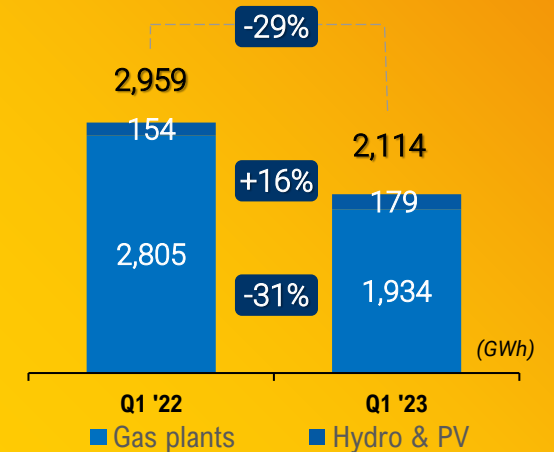
- Contracted **heat volumes** due to mild temperatures and energy savings, combined with reduced margins (Q1 '22 positively affected by price volatility linked to energy crisis)
- Higher prices on **Hydroelectric** production; volumes in line with last year given persistent drought
- Lower thermoelectric volumes (-870GWh) as a result of a continuous **turbine outage** and the **severe reduction in MSD** contribution, partially offset by a **positive clean spark spread**
- Solid contribution from **energy efficiency** activities

* Q1 '22 reported a one off for +6€M

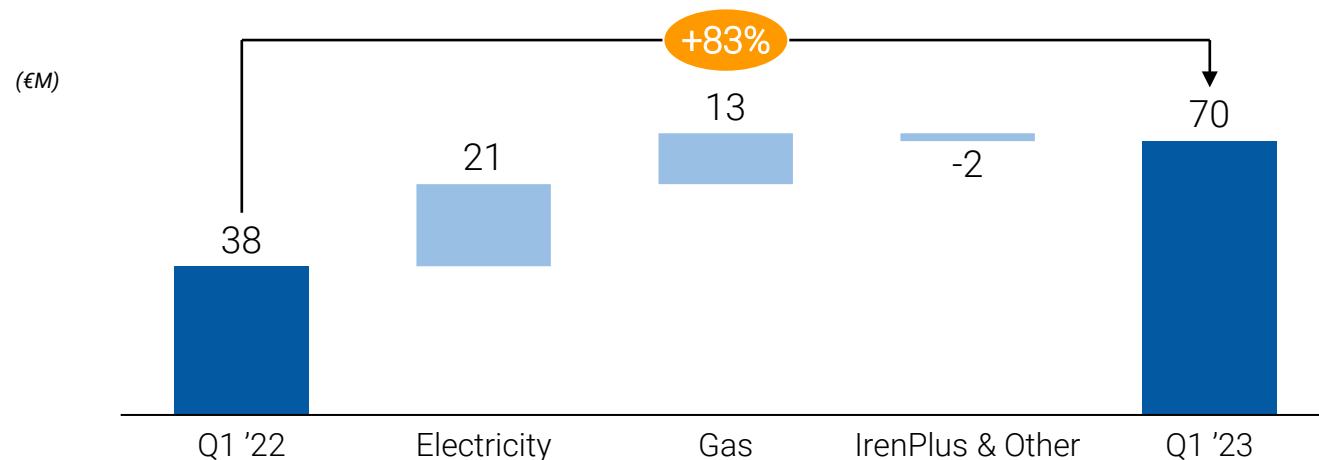
HEAT DISTRIBUTED



ELECTRICITY PRODUCED

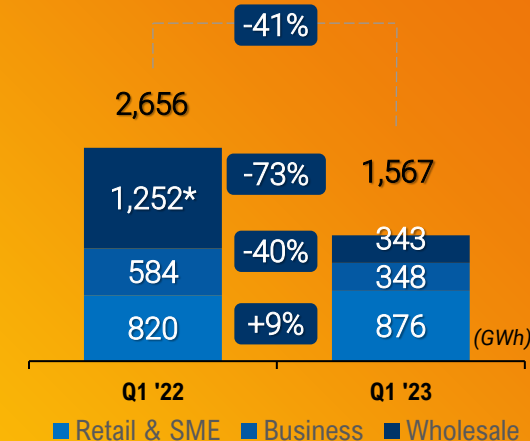


Progressive recovery of customers' portfolio value



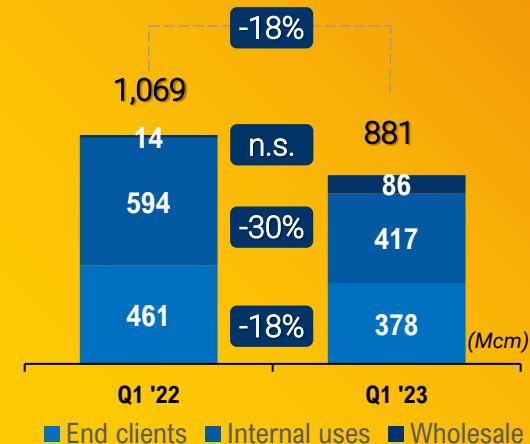
- **Supply profitability recovery** from the exceptionally low level of prior year more than offset reduced gas volumes linked to mild temperatures
- **Electricity volumes down** following the change in client mix shifting focus from business to retail clients to minimize exposure to price and volumes volatility
- In April 2023, **completed rebalancing of retail contracts** towards fixed contributions and variable commodity prices

ELECTRICITY SOLD



*Q1 2022 includes volumes related to opportunistic transactions on wholesale market

GAS SOLD



EBITDA to Group Net Profit reconciliation

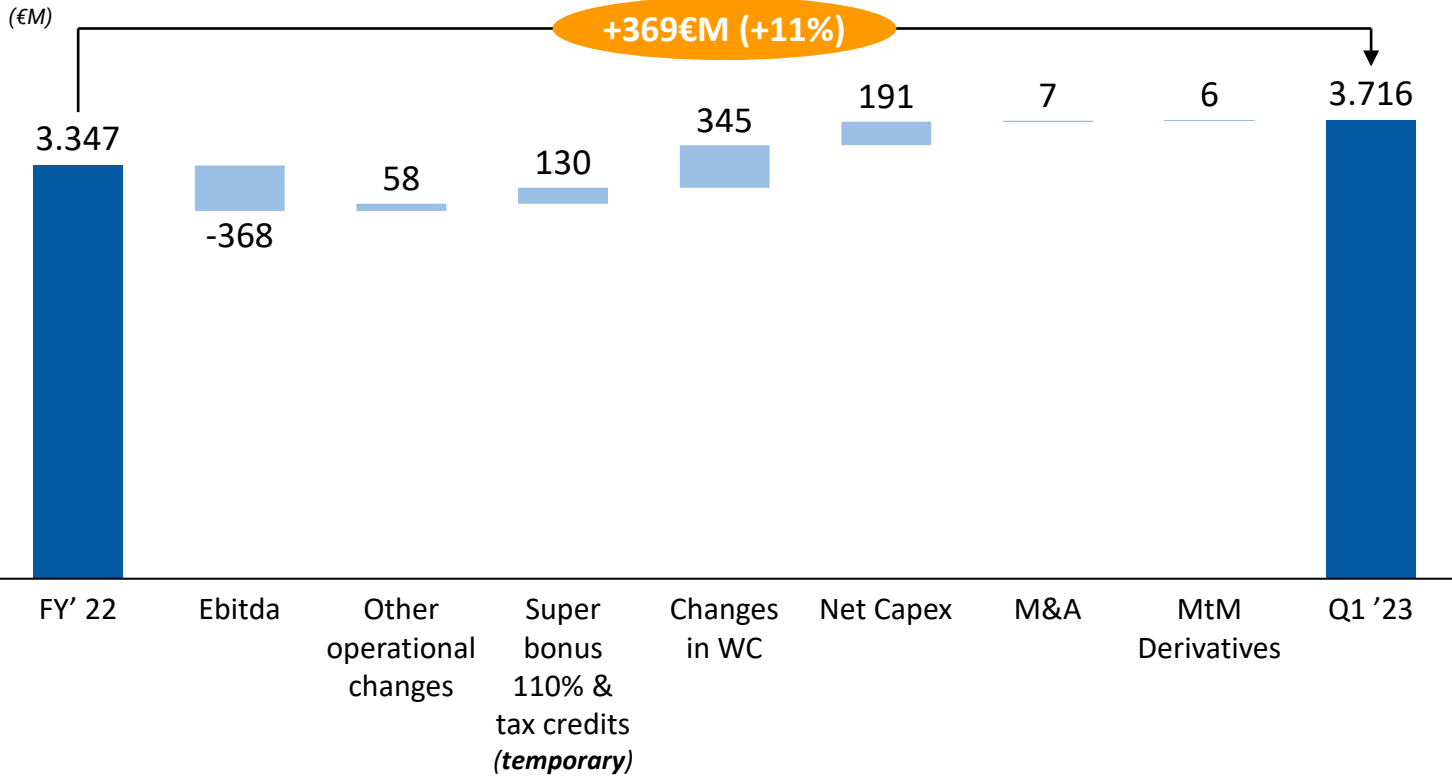
(€M)

	Q1 '22	Q1 '23	Δ	Δ%
EBITDA	363	368	6	1.6%
<i>D&A</i>	-122	-140		
<i>Provisions to bad debt</i>	-14	-16		
<i>Other provisions and write-downs</i>	-2	-2		
EBIT	225	210	-15	-6.5%
<i>Financial charges</i>	-17	-19		
<i>Companies consolidated at equity method</i>	3	1		
<i>Others</i>	1	0		
EBT	213	193	-20	-9.5%
<i>Taxes</i>	-86	-49		
<i>Minorities</i>	-9	-9		
Group net profit	118	135	17	14.6%

- ➔
- Higher depreciation as a result of new acquisitions and industrial investments (still not captured by tariffs) carried-out during the period
 - Provisions to bad debt in line with last year

- ➔
- Q1 2022 impacted by “Contributo di solidarietà” decree (24€M)

Net Financial Position Evolution (Q1 2023 vs FY2022)



Changes in WC	345 €M
Acceleration of capex in Q4 2022 (temporary)	120 €M
Seasonality (temporary)	105 €M
Change in waste collection payment method	60 €M
Still not normalized gas payment terms	60 €M

~350€M of temporary Net Debt impact: 130M€ of Superbonus 110% and 225 €M of changes in WC expected to be reabsorbed in the next quarters

2023 OUTLOOK

GUIDANCE CONFIRMED

INDUSTRIALS

- Continued growth based on recovery of Market profitability
- Full availability of thermo facilities since the beginning of May
- Expected BP achievement in 2023:
 - Phase-in of 3 new waste treatment plants
 - 70MW of new solar capacity
 - PPP proposal on expired Hydro concessions

FINANCIALS

- ~350€M of changes in WC expected to be reabsorbed in the next quarters
- The sale of a minority stake of Gas Networks is ongoing and will be closed within 2023
- Strong commitment to preserve the NFP/Ebitda ratio and our newly upgraded rating

EBITDA +6% vs. FY 2022

GROSS CAPEX: ~1.2B€*

NFP/EBITDA: ~3.3x

**Includes third party investments and contributions*

ANNEXES

Q1 2023 Business units' results

NETWORKS

	€M	Q1 '22	Q1 '23	Δ	Δ%
Revenues		257	292	35	20%
Ebitda		95	96	1	2%
<i>Electricity</i>		19	19	0	-2%
<i>Gas</i>		21	21	0	-1%
<i>Water</i>		55	56	2	4%
Ebit		48	45	-3	-7%
Gross Capex		64	83	19	31%

WASTE

	€M	Q1 '22	Q1 '23	Δ	Δ%
Revenues		244	302	58	24%
Ebitda		65	68	3	4%
<i>Collection</i>		13	19	6	41%
<i>Treatment & disposal</i>		52	49	-3	-5%
Ebit		37	29	-8	-22%
Gross Capex		23	47	24	(*)

ENERGY

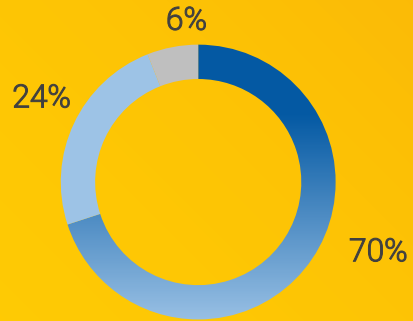
	€M	Q1 '22	Q1 '23	Δ	Δ%
Revenues		1,295	1,009	-286	-22%
Ebitda		165	134	-31	-19%
<i>Hydro&Renewables</i>		6	16	10	(*)
<i>Thermo/Coge, DH</i>		149	101	-48	-32%
<i>Energy efficiency</i>		10	17	7	72%
Ebit		128	93	-35	-27%
Gross Capex		17	24	7	39%

MARKET

	€M	Q1 '22	Q1 '23	Δ	Δ%
Revenues		1,941	1,557	-384	-20%
Ebitda		38	70	32	83%
<i>Electricity</i>		-15	6	21	(*)
<i>Gas</i>		49	62	13	29%
<i>Iren Plus & others</i>		4	2	-2	-62%
Ebit		14	43	29	(*)
Gross Capex		23	18	-4	-19%

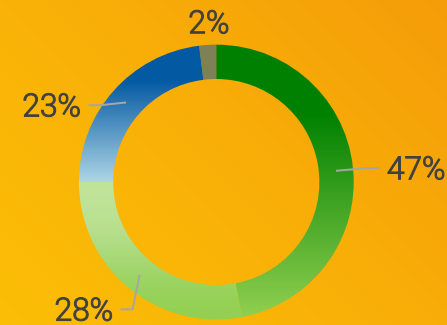
(*) Variation greater than 100%

INTEREST RATE



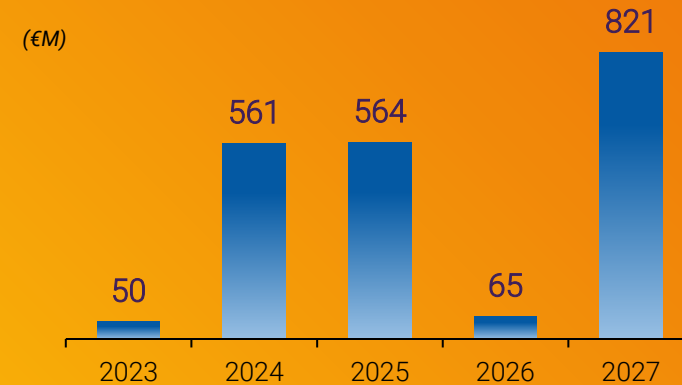
■ Fixed ■ Fixed-rate swaps ■ Variable

DEBT STRUCTURE



■ Green Bonds ■ EIB-CEB ESG loans ■ Bonds ■ Loans

MATURITIES



- 94% of gross debt at fixed interest rate
- Average long-term debt duration of about 5.0 years vs 5.4 years in Q1 '22
- Increase in the average cost of debt (1.8% vs. 1.7% in Q1 '22)
- 75% of the Iren total debt is composed of green and assimilated instruments

S&P Global
Ratings

BBB

Outlook *Stable*

FitchRatings

BBB

Outlook *Stable*

Industrial KPIs

	Q1 '22	Q1 '23	Δ%
Electricity distributed (GWh)	935	900	-3%
Gas distributed (mcm)	533	442	-19%
Water distributed (mcm)	42	43	-
Waste collected (Kton)	390	480	+23%
Waste treated (Kton)	627	673	+7%
Renewable production (GWh)	154	179	+16%
<i>Hydro production (GWh)</i>	116	139	+20%
<i>Solar production (GWh)</i>	38	40	+5%

	Q1 '22	Q1 '23	Δ%
PSV €/000 scm	103,7	60,6	-42%
PUN (€/Mwh)	248	157	-37%
CO2 €/Ton	83	87	+5%
Green Cert. Hydro (€/Mwh)	42,9	0	-100%

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