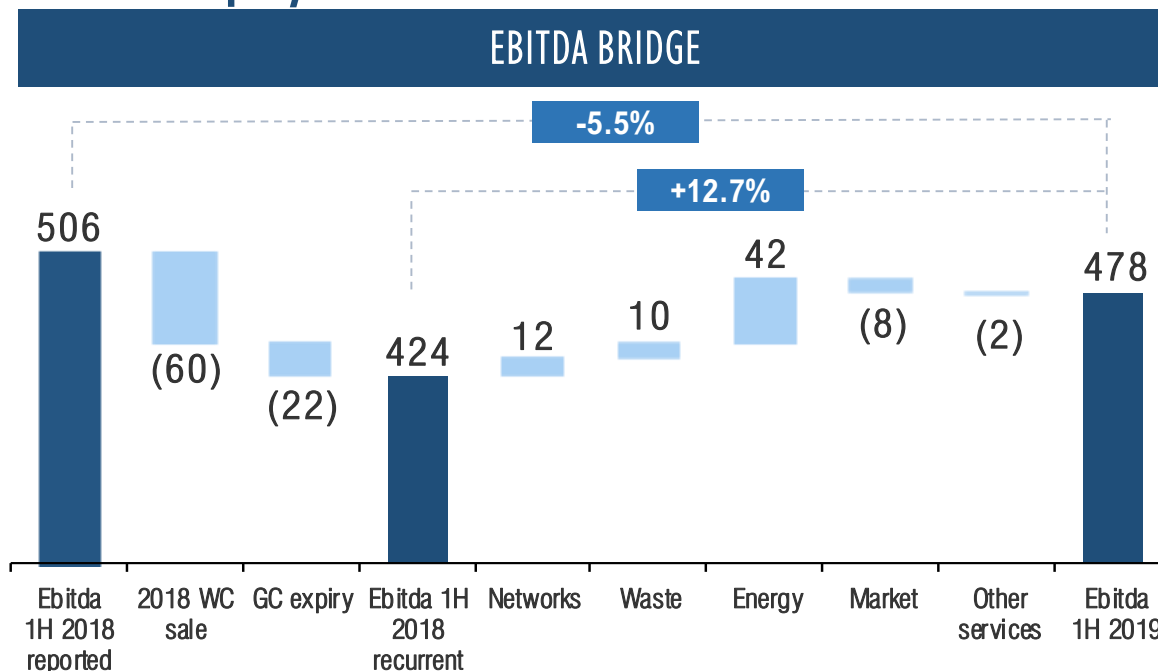


2019 1H RESULTS

31st July 2019

Double digit growth led by strong operational performances excluding the last year non recurrent contribution from TEE and GC expiry

m€	KPIs			
	1H '18 restated	1H '19	Δ	Δ%
Revenues	1,937	2,238	301	15.6%
Ebitda	506	478	-28	-5.5%
Ebit	315	258	-57	-18.2%
Net profit	185	151	-34	-18.4%
Tech. Capex	164	197	33	20.1%



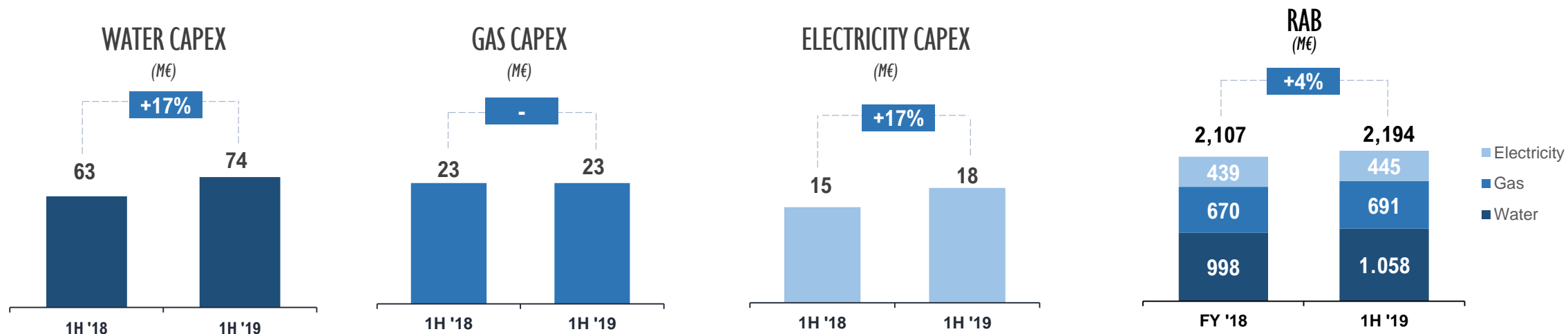
- **Revenues +15.6%:** thanks to higher revenues in the energy chain and the inclusion in the scope of consolidation of San Germano and SET and ACAM only in the first quarter.
- **Ebitda -5.5%:** net of 2018 White certificates sale (60m€) and the expiry of Green certificates in 2Q (22m€), the growth is equal to 12.7% thanks to a favorable energy scenario, organic growth (11m€), M&A (9m€), synergies (5m€) and positive effects from energy certificates (15m€) related to previous year.
- **Ebit -18.2%:** higher D&A related to capital-intensive investments and consolidation process.
- **Net profit -18.4%:** reflecting the Ebit reduction. Net of energy certificates, the increase would have been around 20%.
- **Tech. Capex +20.1%:** increase in capex in line with Business Plan assumptions.

- EBITDA
- NETWORKS
- WASTE
- ENERGY
- MARKET
- EBIT
- CASHFLOW & NFP
- DEBT STRUCTURE
- CLOSING REMARKS
- ANNEXES

- **Energy and water networks:** growth led by higher revenues (thanks to the RAB increase), synergies and the consolidation of ACAM.
- **Increase in Capex (+13%):** further increase in water and electricity infrastructures in order to improve the resiliency and reduce the leakage of the system.

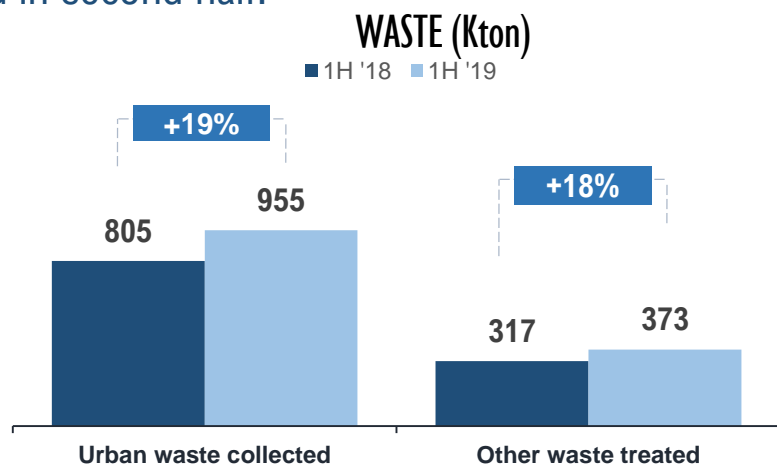
OUTLOOK: the positive trend reported in the first six months of 2019 is expected to recur also in the second part of the year, likely balances could occur over the second half.

	m€	1H '18	1H '19	Δ	Δ%
Revenues		443	482	39	9%
Ebitda		160	172	12	8%
<i>Electricity</i>		35	36	1	2%
<i>Gas</i>		38	41	3	7%
<i>Water</i>		87	95	8	10%
Ebit		88	90	2	2%
Gross Capex		101	114	13	13%

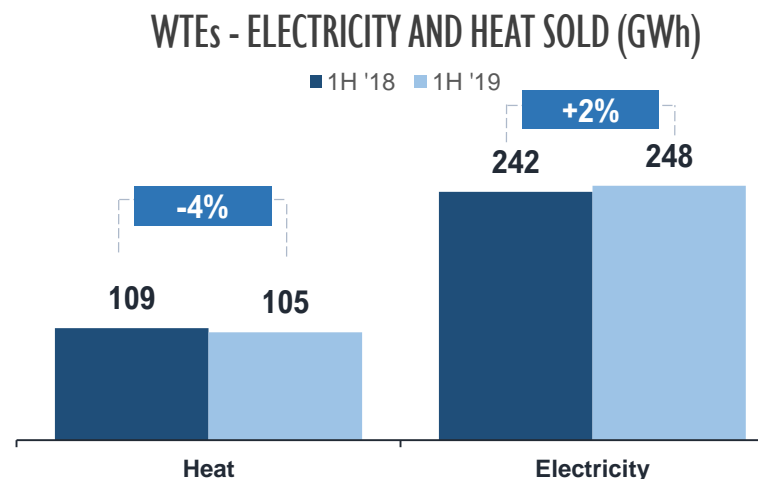


- The contribution of **organic growth** is mainly related to disposal plants saturation (including REI landfill contribution), higher prices and the increase in collection margins.
- **M&A** contribution (3m€) from ACAM and San Germano with +190kton of waste managed in the first half.
- **Increase in capex** is related primarily to enlarge the waste collection fleet.
- **Increase in waste volumes (+18%)** compared to 1H 2018. Sorted waste collection equal to 66.2%, +2% compared to FY2018 thanks also to the extensions of door-to-door collection system.

OUTLOOK: the results are expected slightly better than 2018, considering the unavailability of plants due to maintenance activities planned in second half.



	m€	1H '18	1H '19	Δ	Δ%
Revenues		294	352	58	20%
Ebitda		74	84	10	14%
Ebit		36	37	1	2%
Gross Capex		10	22	12	n.a.

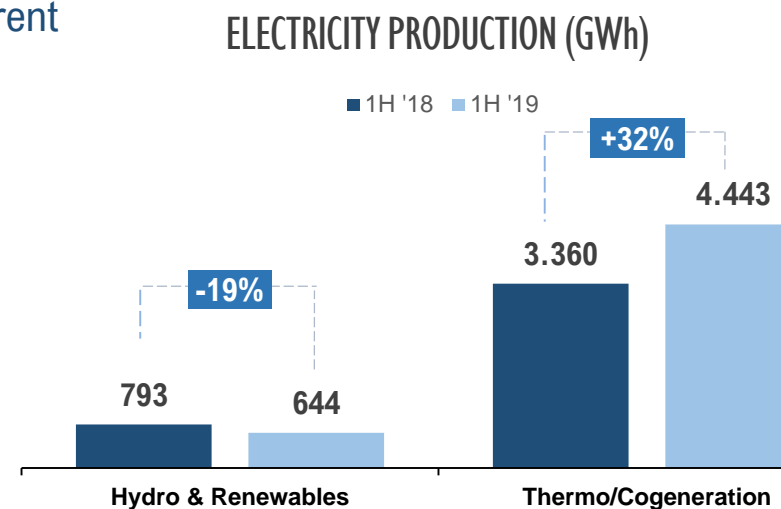
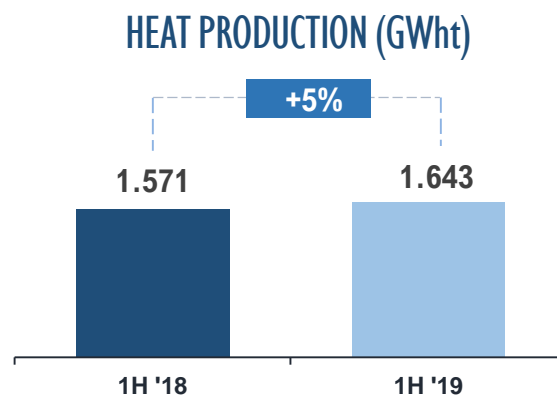
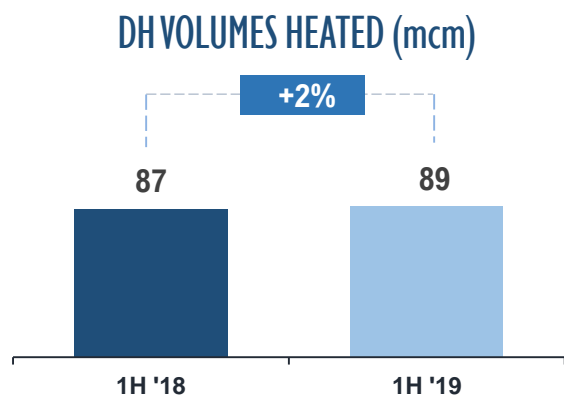


ENERGY

Growth led by supportive scenario and energy efficiency contribution, net of energy certificates impact

- **Generation sector** is impacted by higher volumes compared to last year and positive spark spread. The result is affected by the absence of white certificates sales (60m€) and the expiry of green certificates (22m€) partially offset by previous year certificates (15m€).
 - **Hydro sector:** reduction mainly led by lower volumes.
 - **Thermo/Coge sector:** volumes growth and increase in spark spread allowed to overcome the MSD reduction.
 - **District heating:** higher thermal spark spread and partial recovery in volumes.

OUTLOOK: as the favorable scenario is expected to persist also in the second half, we expect to report results in line with last year recurrent Ebitda.



	m€	1H '18	1H '19	Δ	Δ%
Revenues		644	785	141	22%
Ebitda		206	166	-40	-19%
<i>Hydro&Renewables</i>		65	41	-24	-37%
<i>Thermo/Coge, DH</i>		141	125	-16	-11%
Ebit		146	102	-44	-30%
Gross Capex		25	22	-3	-14%

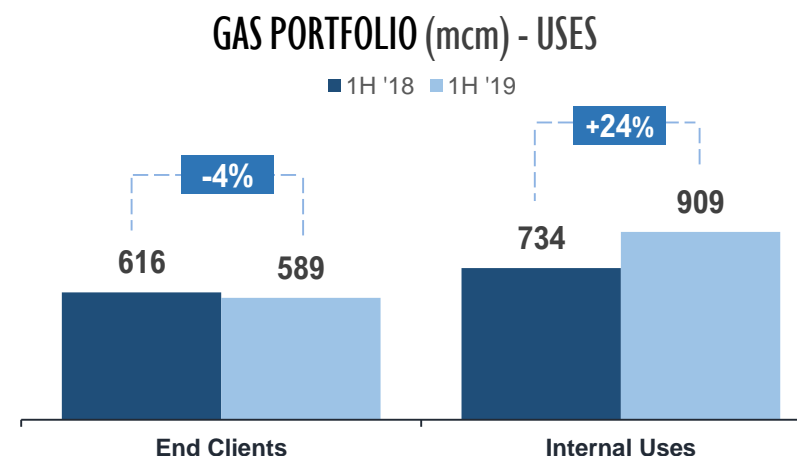
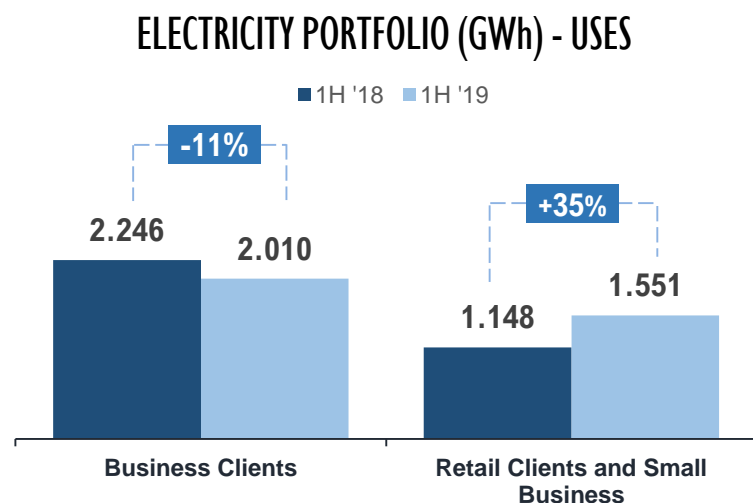
- EBITDA
- NETWORKS
- WASTE
- ENERGY**
- MARKET
- EBIT
- CASHFLOW & NFP
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The margins reported in 1Q 2019 have been partially recovered

- The results are affected by a slight **improvement** in margins and the absence of positive elements reported in 2018 equal to 8m€.
- Gas sale sector** partial recovery of the negative thermal effect recorded in 1Q 2019 that now stands at -3m€.
- +17K clients** compared to FY2018 (now at 1,8m) in further increase, in line with Business plan assumptions.

OUTLOOK: a recovery in electricity sales margin will bring 2019 results in line with those reported in 2018.

	m€	1H '18	1H '19	Δ	Δ%
Revenues		1,241	1,512	271	22%
Ebitda		63	55	-8	-13%
<i>Electricity</i>		11	9	-2	-21%
<i>Gas&Heat</i>		52	46	-6	-12%
Ebit		43	29	-14	-31%
Gross Capex		15	21	6	44%



	1H '18	1H '19	Δ	Δ%
EBITDA	505.8	478.1	-27.7	-5.5%
<i>D&A and others</i>	-174.4	-203.6		
<i>Provisions to bad debt</i>	-16.4	-16.8		
EBIT	315.0	257.7	-57.3	-18.2%
<i>Financial charges</i>	-34.0	-32.3		
<i>Other financial</i>	3.4	4.3		
<i>Companies cons with e.m.</i>	0.8	4.7		
<i>Participations adjustment</i>	-0.3	-		
EBT	284.9	234.4	-50.5	-17.7%
<i>Taxes</i>	-88.3	-70.2		
<i>Minorities</i>	-12.0	-13.6		
Group net profit	184.6	150.6	-34.0	-18.4%

- Increase in D&A related to higher capex, consolidation process (ACAM and San Germano) and IFRS 16 application

- **Lower cost of debt** now at 2.5%.
- **Increase** in the results of companies consolidated with equity method.

- Stable **tax-rate** at **30%**

EBITDA

NETWORKS

WASTE

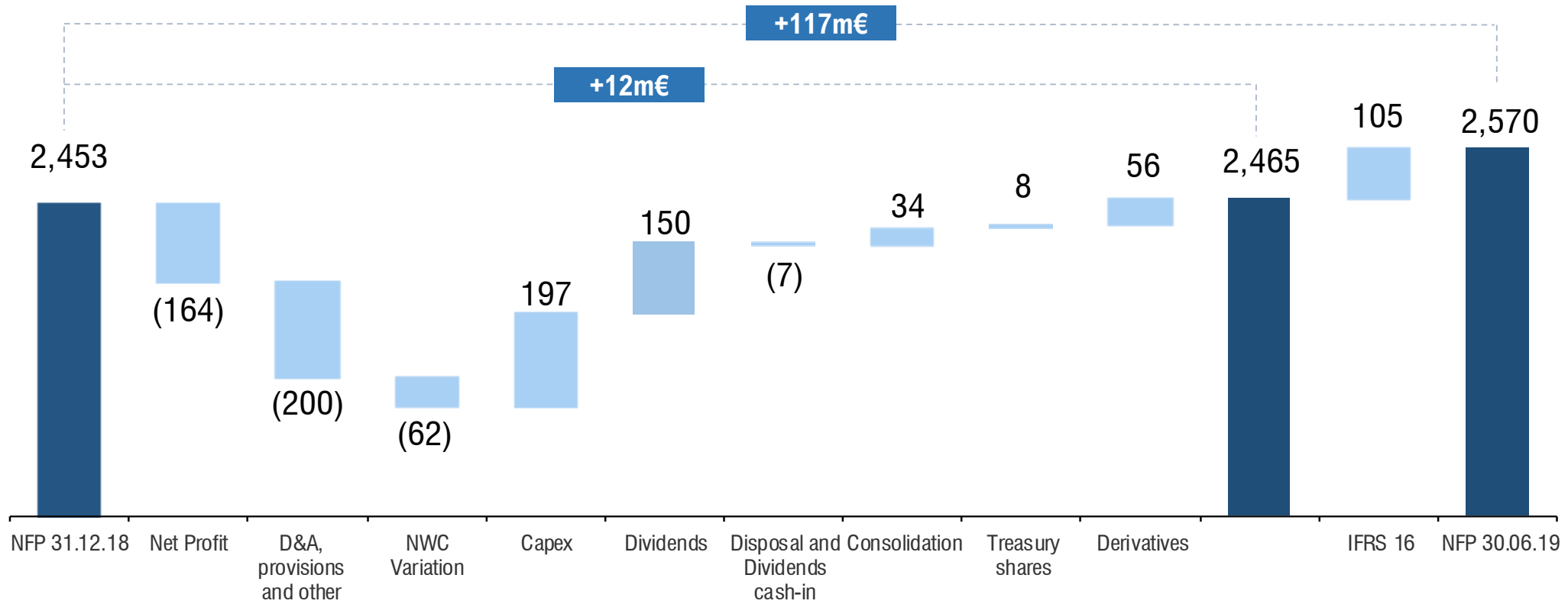
ENERGY

MARKET

EBIT

CASHFLOW
& NFPDEBT
STRUCTURECLOSING
REMARKS

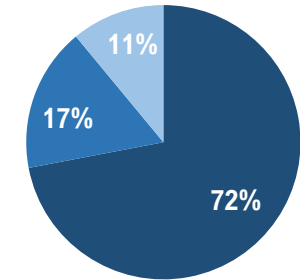
ANNEXES



- The strong **cash flow generation** allowed to cover the cash out for dividends, the acceleration in investments planned and the consolidation process (San Germano and Busseto).
- **20% increase in dividend policy** and extraordinary dividends to third parties.
- **Derivatives:** negative impact on debt caused by rates and commodities derivatives.

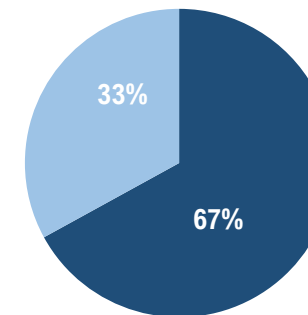
- 89% of gross debt at fixed interest rate and 11% of gross debt at variable interest rate.
- Average long-term debt duration of about 5.3 years (5.5 years in 1H 2018).
- Reduction in the average cost of debt (2.5% vs. 2.9% in 1H 2018).
- IREN's debt is formed of:
 - 67% bonds (Green Bonds equal to 1b€)
 - 20% EIB loans
 - 13% other loans

GROSS DEBT INTEREST RATE



■ Fixed ■ Swap ■ Variable

DEBT STRUCTURE



■ Bonds ■ Loans

EBITDA

NETWORKS

WASTE

ENERGY

MARKET

EBIT

CASHFLOW & NFP

DEBT STRUCTURE

CLOSING REMARKS

ANNEXES



Organic growth, consolidation and synergies keep on contributing in line with our business plan assumptions, allowing for a further strong profitability growth



We are also carrying out the investments needed for enhancing organization and processes in light of a larger business scale



In light of the 1H positive results we improve our FY 2019 guidance

GUIDANCE ON FY 2019



Ebitda: ~900m€

NFP/Ebitda: ~2.9x

Capex: ~570m€

EBITDA

NETWORKS

WASTE

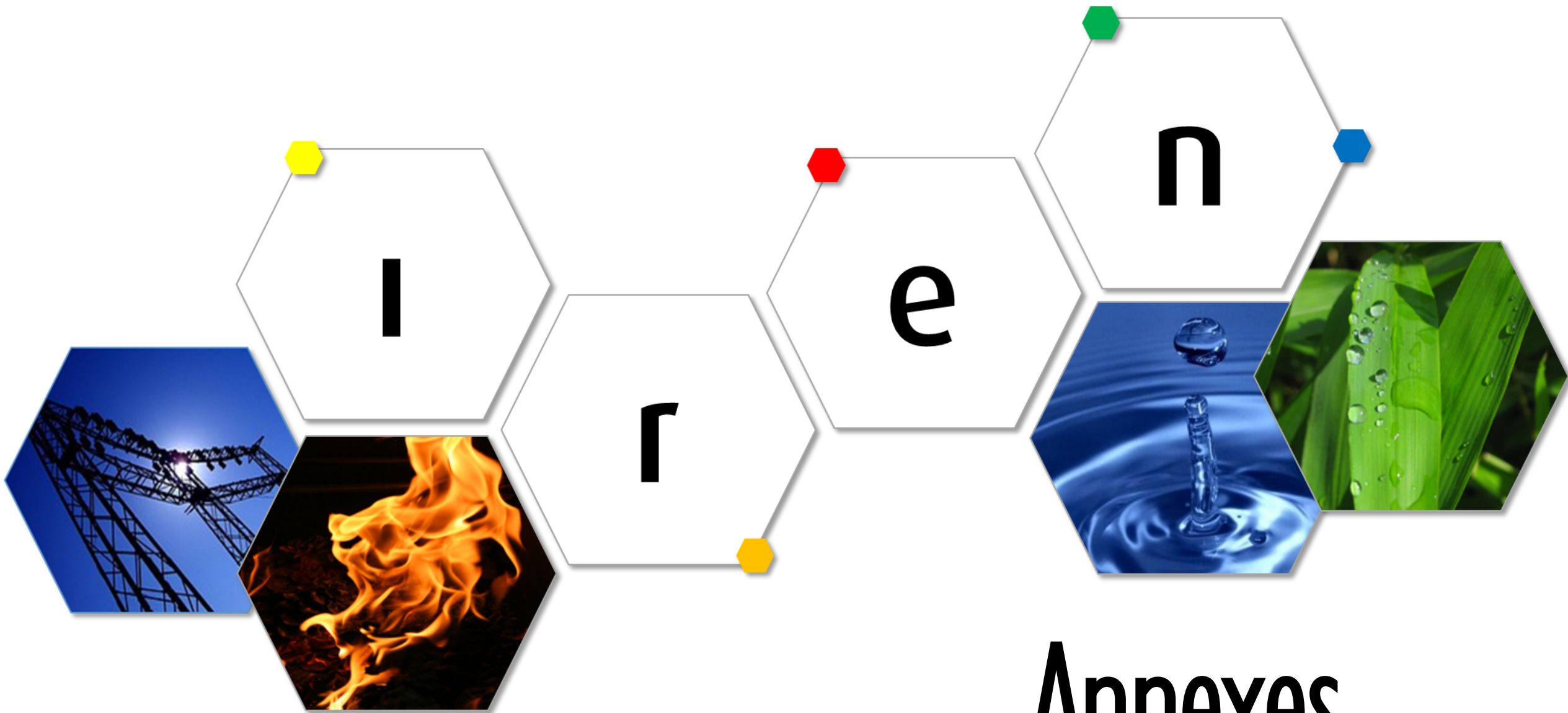
ENERGY

MARKET

EBIT

CASHFLOW
& NFPDEBT
STRUCTURECLOSING
REMARKS

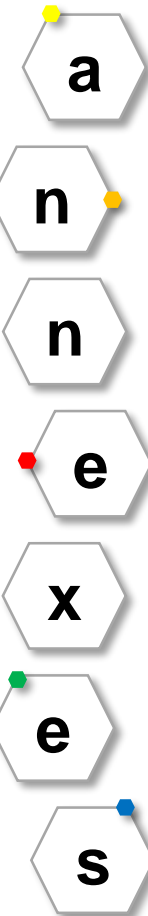
ANNEXES



Annexes

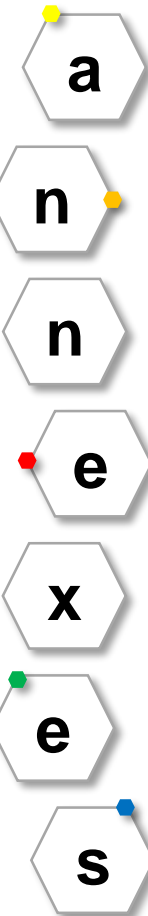
Scenario

	1H '18	1H '19	Δ%
Gas Demand (<i>bcm</i>)	38.5	40.1	4.2%
TTF <i>€/000 scm</i>	223	166	-25.4%
PSV <i>€/000 scm</i>	237	198	-16.4%
Energy Demand (<i>Twh</i>)	158.6	157.3	-0.8%
PUN (<i>€/Mwh</i>)	53.8	55.1	2.5%
CO2 <i>€/Ton</i>	12.3	23.8	93.9%
Green Cert. Hydro (<i>€/Mwh</i>)	99.0	92.1	-7.0%
TEE (<i>€/TEE</i>)	257.6	260	0.9%



Balance Sheet

	FY '18	1H '19
Net fixed assets	5,786	5,919
Net Working Capital	132	70
Funds	-621	-610
Other assets and liabilities	-282	-271
Net invested capital	5,015	5,108
Group Shareholders' equity	2,562	2,538
Net Financial Position	2,453	2,570
Total Funds	5,015	5,108



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.

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