



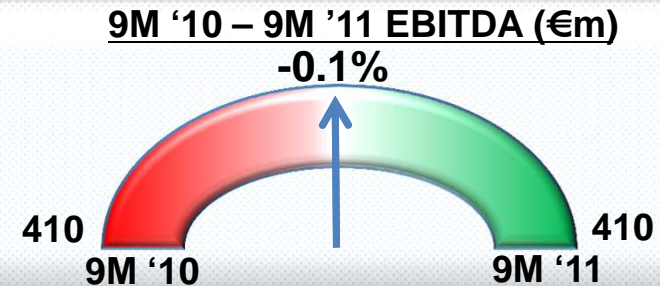
15th of November 2011

9M 2011 - Results

9M 2011 – Stable EBITDA and growth in operating income.

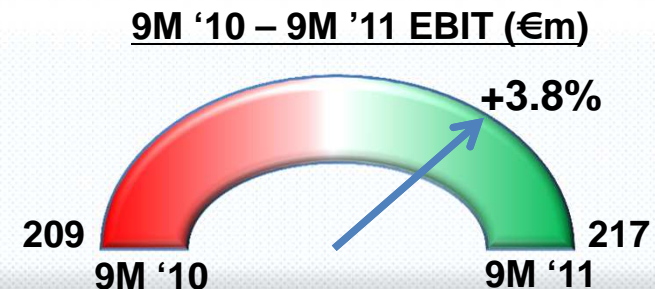
EBITDA -0.1%

Stable EBITDA despite the tough market scenario.



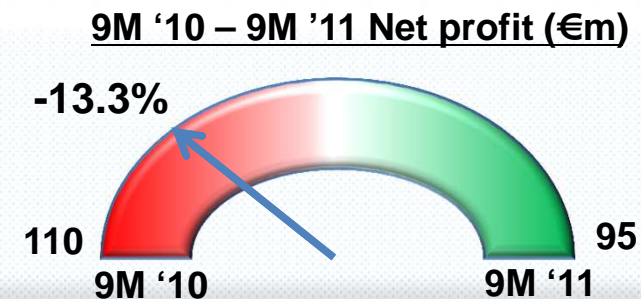
EBIT +3.8%

The higher growth, compared to EBITDA, derives from the decrease in provisions as funds reached an adequate size. D&A in line with 9M 2010.



NET PROFIT -13.3%

The absence of the positive fiscal one-offs reported in 2010 (mainly Tremonti-ter) together with the negative effects of Robin Hood-Tax are behind the decrease in net profit.



9M 2011 – Net profit affected by one-off and Robin-tax.

(1) <i>EURm</i>	9M '10	9M '11	Δ	Δ %
REVENUES	2,398	2,364	-34.2	-1.4%
EBITDA	410 ⁽²⁾	410	-0.4	-0.1%
EBIT	209	217	+8.0	+3.8%
NET PROFIT	110	95	-14.6	-13.3%
NET PROFIT adj.	100 ⁽⁴⁾	100 ⁽⁵⁾	+0.3	+0,3%
CAPEX	352	324	-28.6	-8.1%
NFP	2,260 ⁽³⁾	2,668	+408,0	+18.0%

- **Revenues down by -1.4%:** the decrease in power exchanged on IPEX didn't completely offset the impact of the rise in commodities prices on revenues.
- **Stable EBITDA** underpinned mainly by good results in Market Business Unit. IREN keeps results on track for achieving announced synergies; in 9M 2011 they amount to ~12€m.
- **EBIT up by +3.8%** thanks to the decrease in provisions, whereas the D&A are in line with the figures reported in 9M 2010.
- **Decrease in net profit by -13.3%** due to the combined impact of some non-recurrent positive fiscal one-offs reported in 2010 (mainly Tremonti-ter) and the Robin hood-tax. Net of these factors, the net-profit performance would have been substantially stable (9M 2011 vs. 9M 2010).
- **Investments** stood at 324€m, in line with budget and marking a -8.1% decrease compared to 9M 2010

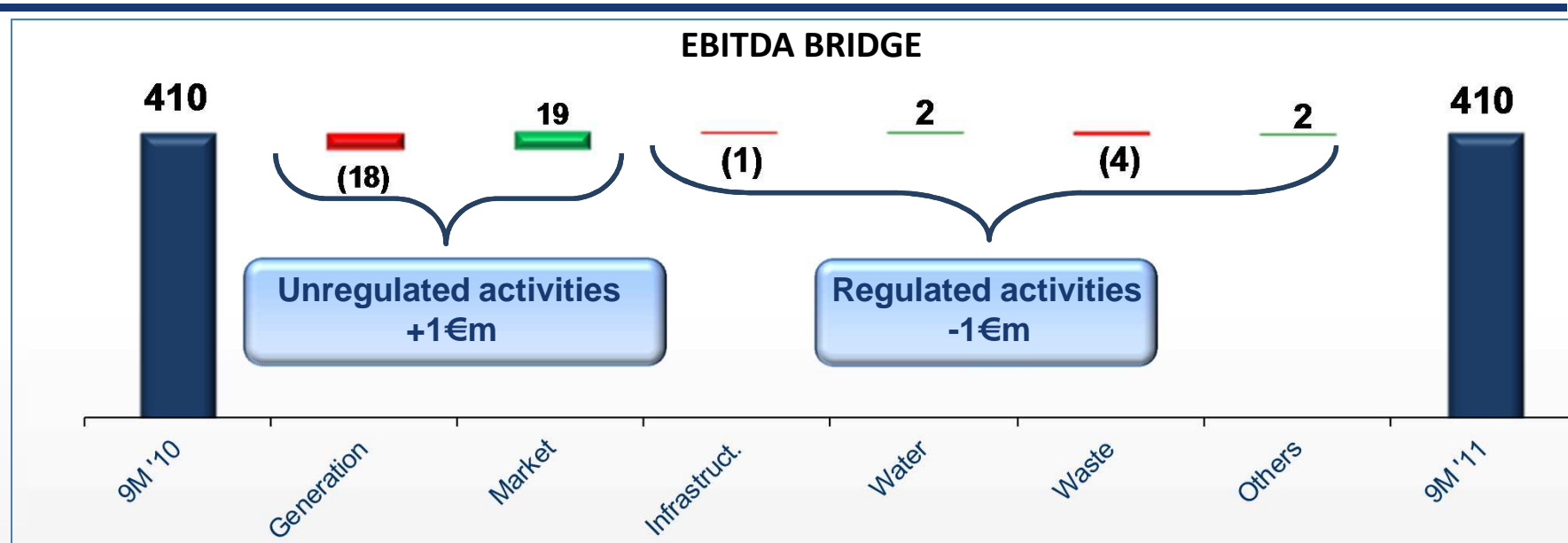
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(1) All 2010 data are pro-forma (2) Pro-forma: Deconsolidation of Aquamet -4€m

(3) as if 31/12/2010 (4) net of positive non-recurrent fiscal effects

(5) net of negative impact of Robin-tax

EBITDA BRIDGE: well-balanced business portfolio.



Stable EBITDA - Key Elements:

- Weak results in Generation (significantly improved compared to 1H 2011) are more than offset by outstanding results in Market.
- Optimization of gas procurement policy explains the strong results in the Market Business Unit. The effects will persist until the end of 2011.
- A slight decrease in regulated activities derives mainly from the negative impact of 2004-2008 equalization in energy networks and from the expiry of CIP6 in Piacenza WTE.

GENERATION OF ELECTRICITY AND HEAT: significant growth in Hydro didn't offset completely drop in Cogen.

9M '11 vs. 9M '10

↑ **Strong recovery in Hydro production:** stable volumes compared to 9M 2010 (vs. -8% National production, vs. -10% Iren 1H 2011) at higher prices. The energy stored in basins at the end of 9M 2011 is in line with 9M 2010.

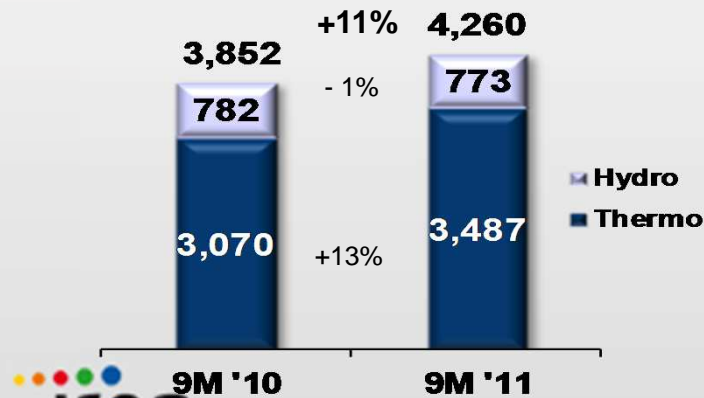
↓ **Drop in Cogen** Strong growth in electricity volumes didn't counterbalance the 8% decrease in heat sold (and related GCs). Lower profitability on MSD market.

↑ **Completion of Turin North CCGT Plant:** 400 MWe; 220 MWt

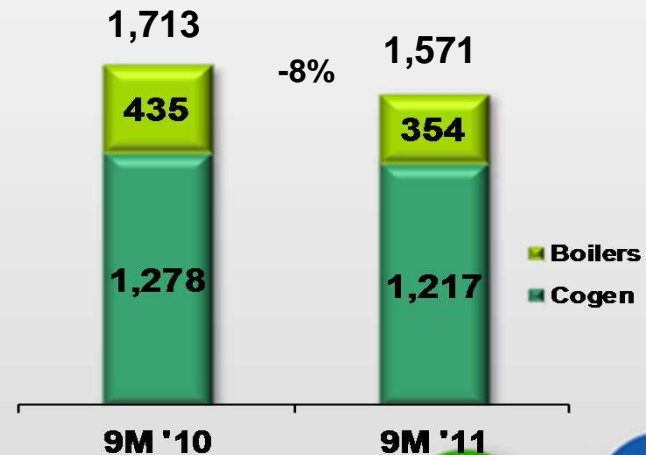
The majority of Capex are linked to the completion of Turin North.

	9M '10	9M '11	Δ€m	Δ%
Revenues	457	485	28	6%
EBITDA	103	85	(18)	-17%
EBIT	44	26	(18)	-41%
CAPEX	135	87	(48)	-36%

ELECTRICITY PRODUCTION (GWh)



HEAT PRODUCTION (GWht)



MARKET: strong increase in Gas margin confirmed.

9M '11 vs. 9M '10

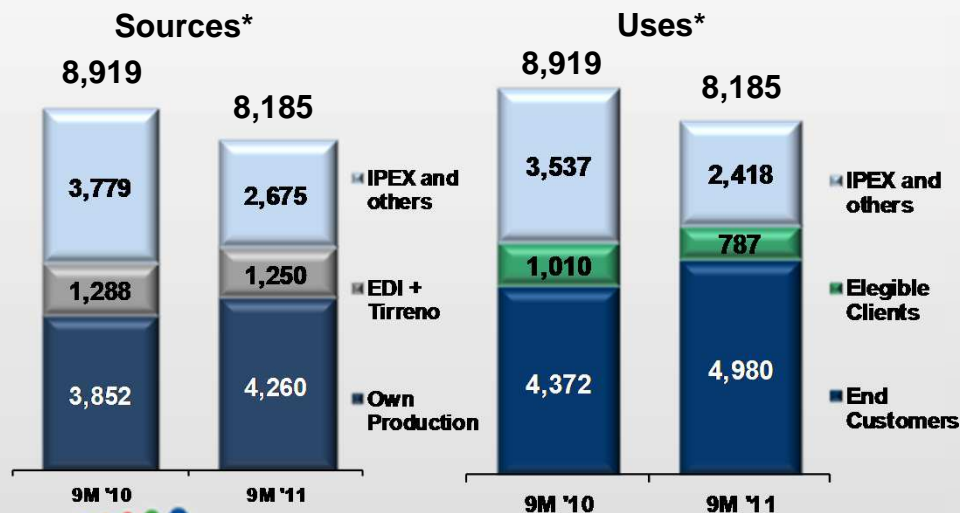
↑ **Gas and Heat Sales:** The positive effects of the successful renegotiation of gas contracts experienced in the last 3 quarters continue to apply.

↓ **The decrease in electricity sales** is driven mainly by a reduction in profitability in eligible clients sector

↑ **Market expansion of the Company continues** thanks mainly to cross-selling activities : ~1% in gas clients and more than 3% in electricity clients.

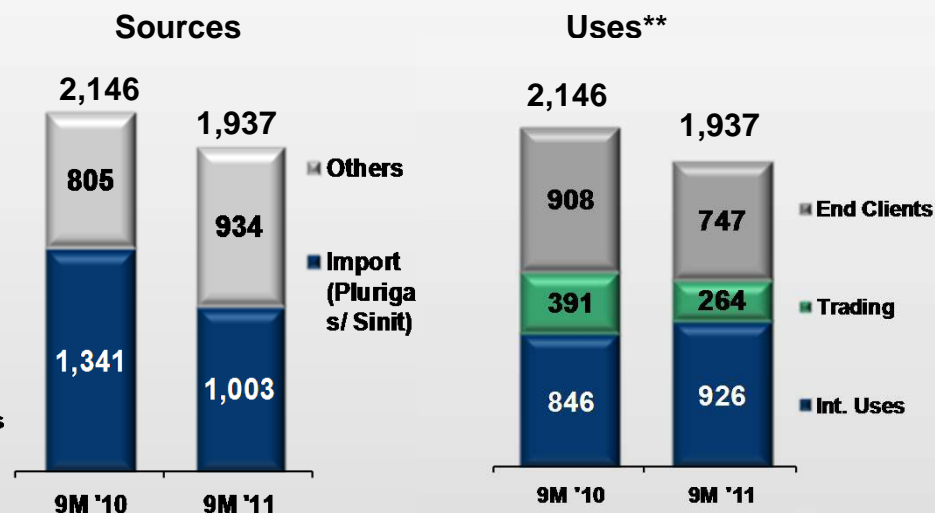
	9M '10	9M '11	Δ€m	Δ%
Revenues	2.016	2.030	14	1%
EBITDA	18	37	19	107%
<i>Electricity</i>	2	0	(2)	-104%
<i>Gas & Heat</i>	16	37	21	137%
EBIT	7	24	17	242%
CAPEX	4	4	0	-15%

ELECTRICITY PORTFOLIO (GWh)



*net of "pass-through traded IpeX quantities"

GAS PORTFOLIO (MCM)



**Net of Plurigas and Sinit trading activities

ENERGY INFR.: stable results in spite of negative one-off.

9M '11 vs. 9M '10

- ↑ **Gas networks:** Positive trend maintained thanks mainly to higher revenues (AEEG 206/09) and synergies.
- ↓ **Electricity networks:** the negative effect of the 2004-2008 equalization is the main reason for the decrease in EBITDA.
- ↑ **DH Networks:** EBITDA up by 6% because of the development of the DH network, which reached more than 67 mcm of volumes heated (+4mcm vs. 9M 2010 , +1mcm vs. 1H 2011).

	9M '10	9M '11	Δ€m	Δ%
Revenues	311	311	0	0%
EBITDA	159	158	(1)	-1%
<i>Electricity</i>	64	57	(7)	-11%
<i>Gas</i>	68	72	4	6%
<i>Heat</i>	27	29	2	6%
EBIT	101	112	11	10%
CAPEX	109	112	3	2%

GAS DISTRIBUTED (MCM)

1,433 -10% 1,287



9M '10

9M '11

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HEAT DISTRIBUTED (GWht)

1,774 -8% 1,627



9M '10

9M '11

ELECTRICITY DISTRIBUTED (GWh)

3,187 +1% 3,207



9M '10

9M '11

WATER: Positive performance thanks to tariff increase agreed with AATO's.

9M '11 vs. 9M '10

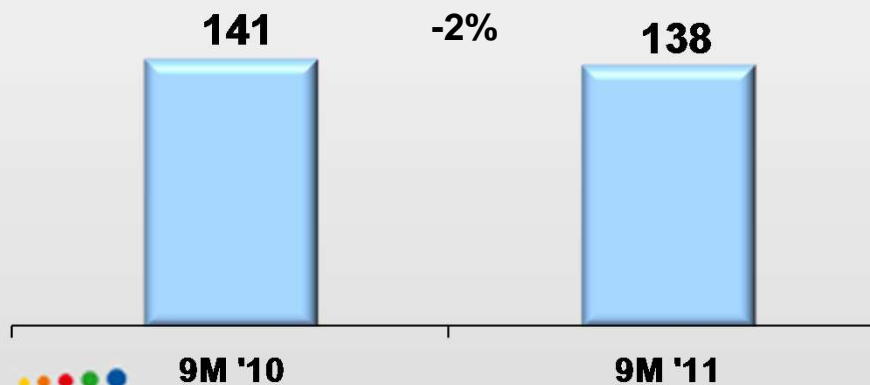
↑ Revenues up by 4% thanks to tariff increase in all the ATOs, which more than offset lower volumes distributed.

↑ Ebitda up by 2% due to tariff growth and synergies.

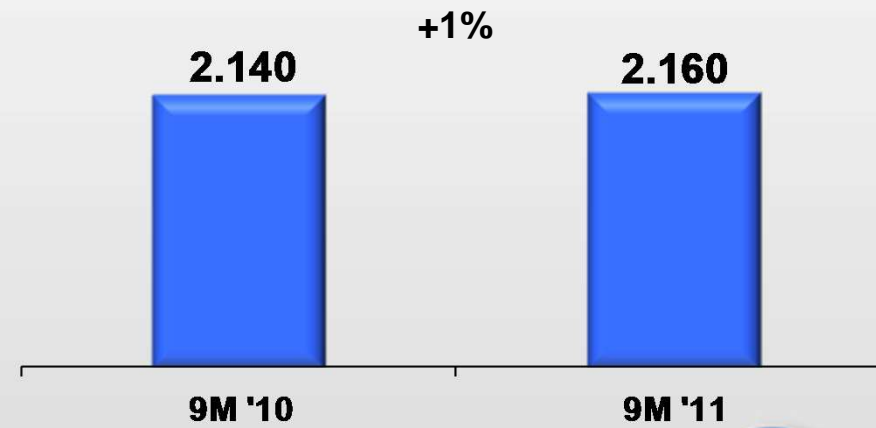
Capex in line with budget.

	9M '10	9M '11	Δ€m	Δ%
Revenues	312	323	11	4%
EBITDA	83	85	2	2%
EBIT	33	35	2	5%
CAPEX	65	61	-4	-6%

WATER SOLD (MCM)



INHABITANTS SERVED ('000)



WASTE: CIP6 expiration partially offset by synergies

9M '11 vs. 9M '10

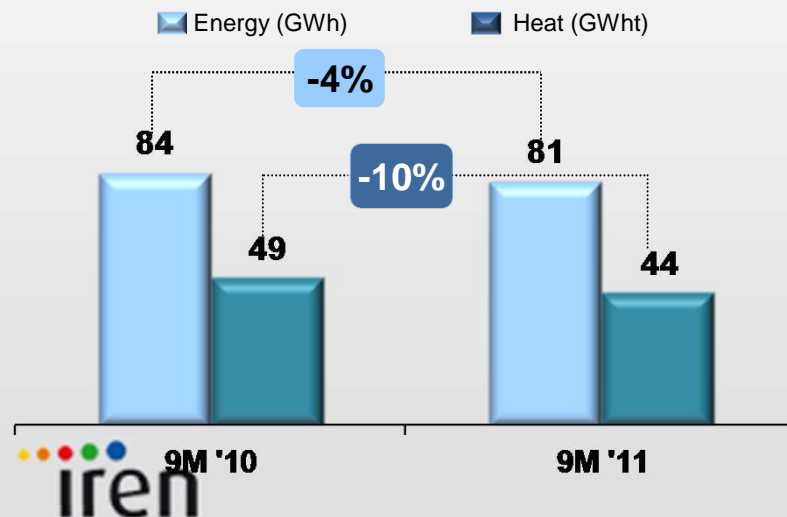
▾ **EBITDA down by 5%:** The increase in tariffs and efficiencies didn't completely offset the negative impact of CIP 6 expiry.
 Positive trend in special waste continues (+29%).

▴ **Steady Increase** in extension of the door-to-door collection system, bringing the sorted waste percentage very close to 60% (from 54,5% in 9M '10 to 58.3% in 9M '11).

	9M '10	9M '11	Δ€m	Δ%
Revenues	171	161	(10)	-5%
EBITDA	38	34	(4)	-9%
EBIT	19	15	(4)	-22%
CAPEX	22	46	24	n.a.

The Capex increase is linked mainly to the building of the new WTE in Parma.

WTE - Energy and Heat production



Waste (Kton)

■ Special ■ Urbans



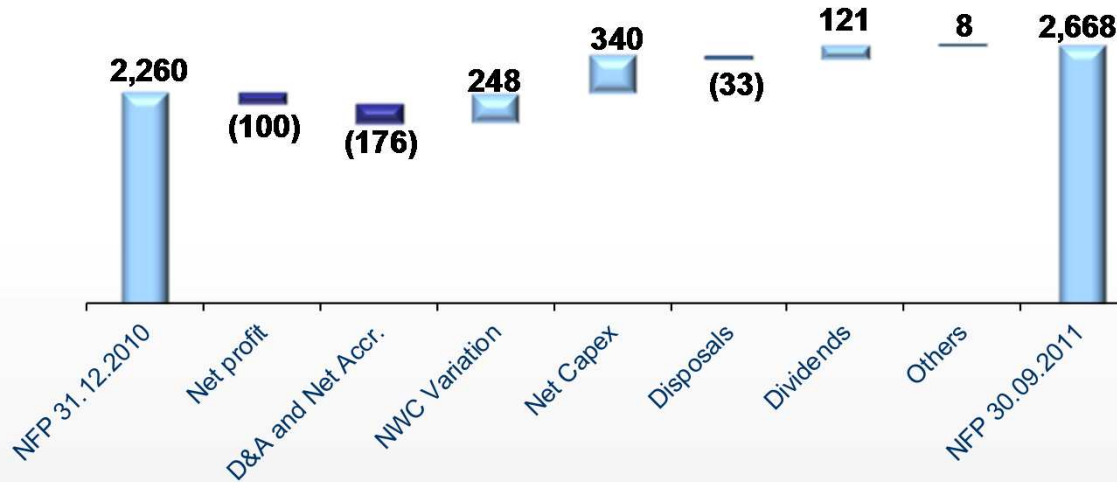
From EBIT to Net Profit.

	9M '10	9M '11	Δ %
EBIT	209	217	+3,8%
<i>Financial charges</i>	-51	-50	-2%
<i>Companies consolidated with E.M.</i>	+11	+14	+17%
<i>Dividends from financial particip.</i>	+7	+1	-
EBT	176	182	+3.4%
Taxes	-62	-82	+32%
Net profit from ceased activities	+2	+1	-29%
Minorities	-6	-6	0%
Group net profit	110	95	-13.3%

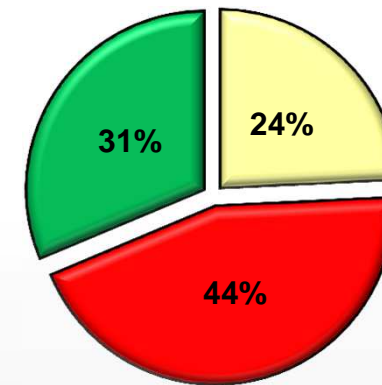
- Substantial stability in financial charges.
- The lack of Delmi dividends accounts approx. -6 €m in the first 9 months of 2011
- The -13.3% drop in net profit, in spite of a growing EBT derives from the combined effect of the absence of the positive one-off (Tremonti-ter) reported in 2010 and of the negative impact of the new Robin-hood tax formula, which together are worth ~15€m.

CASH-FLOW & DEBT STRUCTURE

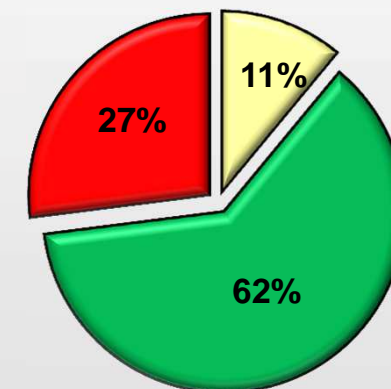
NFP Bridge 30.09.2011



Debt Structure* and Interest rate**



■ Fixed ■ Variable ■ Swap



■ < 12 months ■ 1-5 years ■ > 5 years

- Rise in NFP caused mainly by the seasonal working capital trend.
- Solid financial structure: average long-term debt duration of about 4.1 years.
- 44% of net debt at variable interest rate.
- 9M 2011 average cost of debt stood at 3.07%, slightly above the 9M 2010 level (2,66%).
- The financial requirements arising from the <12 month-expiration LT debt has been already covered by 350 €m of new loans, taken out in July; these new funds have a 3-year duration and they have been obtained at current market conditions.



(*): related to LT Debt (**): related to net financial Position

MAIN ACHIEVEMENTS



Opportunities from Delmi/Edipower reorganization



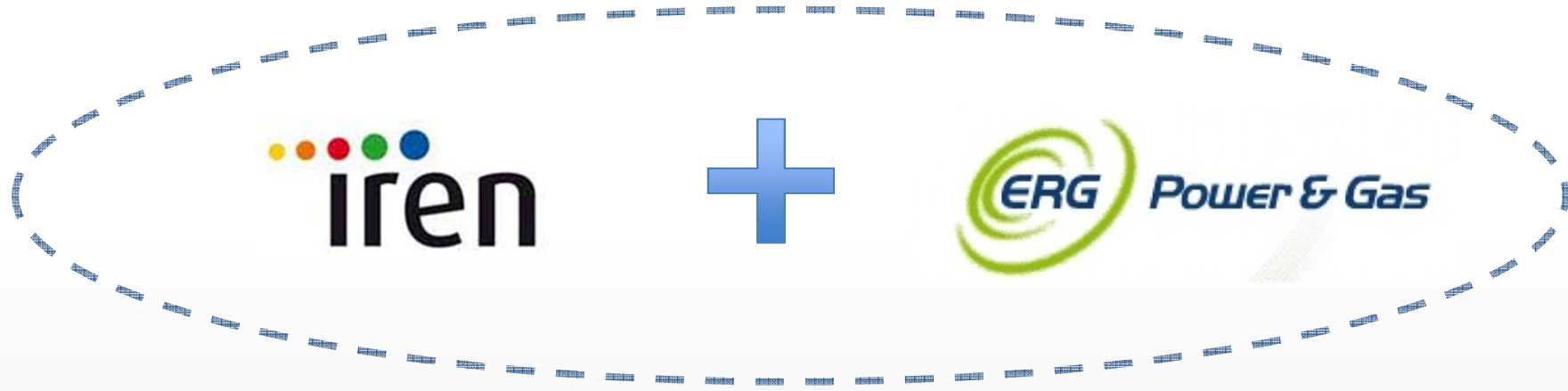
- Delmi will benefit of a **Put option significantly improved** in respect to the previous March hypothesis
- Possibility of an **industrial development of Delmi** with 250MW of wind assets that could be transferred from Edison
- **Better industrial prospect** for Edison



- The agreement on Edipower demerger will allow to set up an SPV that will constitute a significant **player in the renewable sector**, participated for 1/3 by Iren and for 2/3 by A2A
- The agreement is **relevantly improved** for Iren in respect to the previous March hypothesis
- Iren will **increase its strategic role in the SPV** in respect to the past governance of Edipower
- The transaction will increase the capacity of Iren Group in the hydroelectric sector, strengthening its eco-friendly vocation
- Mese & Udine plants:
 - **640 MW** installed capacity, mainly basin
 - Concessions expiring in **2030**
 - Electricity withdrawn by Iren ~ **650 GWh**



IREN/ERG agreements highlights



- **Strategic alliance** with one of the most active Italian operators in the energy sector.
- 2 TWh/y for six years supply agreement at **competitive conditions** plus last-call option on ERG gas supply.
- Acquisition of ERG POWER&GAS **client portfolio equals to 1,2 TWh** of which 0,8 TWh of business clients and 0,4 TWh of mid-business with a total of approximately 15.000 points of delivery.
This will allow IREN, starting from the 1st of January 2012 to **develop its presence in complementary areas.**



TURIN NORTH commissioning

Electric inst. power

400 MWe

Thermal inst. power

220 MWt

Start-up

Ott. 2011

- CCGT with three back-up and integration boilers and a heat storage system.
- The project will allow to serve an additional urban area for further 15 mcm of volumes heated reaching 55% of urban Turin population.
- Heat produced will also be used for further development in DH in Turin.
- Investments in line with budget and commissioning perfectly on schedule.





Annexes



Market Scenario

- **Brent 9M 2011 average price** stood at 112 \$/bbl, up by 45% compared to 9M 2010.
- **USD/€ exchange rate** was 1.41, +7% YoY.

	9M '10	9M '11	Δ %
Brent USD / bbl	77.1	111.9	45%
USD / €	1.32	1.41	7%
Brent € / bbl	58.6	79.6	36%

- **Gas demand dropped by 4%**, mainly because of the mild winter season.
- **The gap between purchase and sale formulas decreased**, but still affected the margins on gas.

Gas Demand (bcm)	57.9	55.5	-4%
Gas Release 2*, € / 000 scm	294	338	15%
CCI, €/ 000 mc**	269	314	17%

- **Energy demand increased by 2% YoY** even though it remains 3.4% lower compared to the pre-crisis level
- **The 9M average pool-price** stood at 70.0€/MWh with a significant growth in the region of 9%. This growth, however, is lower compared to the average gas purchase formula for fuelling CCGTs

Energy demand (Twh)	246.3	250.5	2%
PUN (€ /MWh)	64.1	70.0	9%
CO2 (€ /Ton.)	14.2	14.4	1%
Green Cert. Hydro (€ /MWh)	86.3	83.3	-4%
Green Cert. DH (€ /MWh)	84.1	81.8	-3%



Balance Sheet

€ m	31.12.2010	30.09.2011
Net fixed assets	4,566	4,749
Net Working Capital	137	385
Funds	(325)	(349)
Other assets and liabilities	(36)	(72)
Net invested Capital	4,342	4,713
<hr/>		
Net Financial Position	2,260	2,668
Group shareholders' equity	2,082	2,045
Total Funds	4,342	4,713

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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All data in this document are *pro-forma*.