Consolidated Quarterly Report
at 30 September **2018**

Summary

COMPANY OFFICERS

Board of Directors [1]

Chairperson	Paolo Peveraro [2]
Deputy Chairperson	Ettore Rocchi [3]
Chief Executive Officer	Massimiliano Bianco [4]
Directors	Moris Ferretti [5]
	Lorenza Franca Franzino [6]
	Alessandro Ghibellini [7]
	Fabiola Mascardi
	Marco Mezzalama [8]
	Paolo Pietrogrande [9]
	Marta Rocco [10]
	Licia Soncini [11]
	Isabella Tagliavini [12]
	Barbara Zanardi [13]

Board of Statutory Auditors [14]

Chairperson	Michele Rutigliano
Regular Auditors	Cristina Chiantia
	Simone Caprari
Alternate Auditors	Donatella Busso
	Marco Rossi

Financial Reporting Manager

Massimo Levrino

Independent Auditors

PricewaterhouseCoopers S.p.A. [15]

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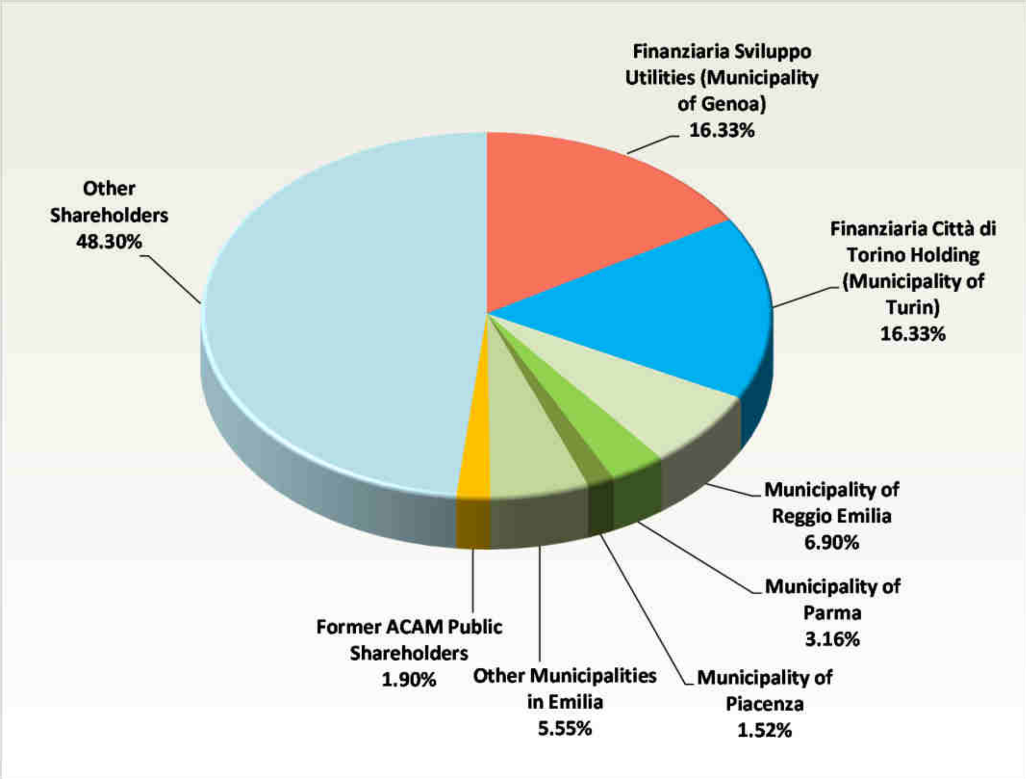
(1) Appointed by the Shareholders' Meeting of 9 May 2016 for the three years 2016-2017-2018.
(2) Appointed Chairperson by the Shareholders' Meeting of 09 May 2016.
(3) Appointed Deputy Chairperson at the meeting of the Board of Directors of 09 May 2016.
(4) Appointed Chief Executive Officer at the meeting of the Board of Directors of 09 May 2016.
(5) Member of the Remuneration and Appointments Committee, appointed on 12 May 2016.
(6) Member of the Transactions with Related Parties Committee, appointed on 12 May 2016.
(7) Member of the Control, Risk and Sustainability Committee appointed on 12 May 2016.
(8) Member of the Control, Risk and Sustainability Committee appointed on 12 May 2016.
(9) Member of the Control, Risk and Sustainability Committee appointed on 12 May 2016. Mr. Pietrogrande was also appointed Chairperson of the said Committee during the Committee meeting held on 18 May 2016.
(10) Member of the Remuneration and Appointments Committee, appointed on 12 May 2016. Ms. Rocco was also appointed Chairperson of the Remuneration and Appointments Committee during the Committee meeting held on 24 May 2016.
(11) Member of the Transactions with Related Parties Committee, appointed on 12 May 2016.
(12) Member of the Remuneration and Appointments Committee, appointed on 12 May 2016.
(13) Member of the Transactions with Related Parties Committee, appointed on 12 May 2016. Ms. Zanardi was also appointed Chairperson of the Transactions with Related Parties Committee during the Committee meeting held on 24 May 2016.
(14) Appointed by the Shareholders' Meeting of 19 April 2018 for the three years 2018-2019-2020.
(15) Appointed by the Shareholders' Meeting of 14 May 2012 for the nine years 2012–2020.

SHAREHOLDING STRUCTURE

During the period, following the completion of the merger between Iren and the ACAM Group, which took place in April, Iren S.p.A.'s capital increased with the issuing of 24,705,700 new ordinary shares subscribed by 27 public entities which already hold shares in ACAM itself.

At 30 September 2018, the Company's share capital therefore amounted to 1,300,931,377 euro, fully paid up, and is entirely made up of ordinary shares with a par value of 1 euro each. At the same date, based on the available information, the Iren shareholding structure is presented below.



We can note that, following the non-proportional partial demerger of Finanziaria Sviluppo Utilities (formerly held equally by the Municipality of Genoa and Finanziaria Città di Torino Holding – FCT), effective 27 July 2018, the same is held entirely by the Municipality of Genoa and is the holder of an equity interest in Iren S.p.A. of 16.335%, corresponding to half the shares held previously. Iren shares were assigned for the same percentage stake (16.335%) to the other shareholder, Finanziaria Città di Torino Holding (FCT Holding), as the beneficiary of the demerger. For more details, refer to the section "Significant events of the period".

At 30 September 2018 there are no private shareholders that hold a stake of more than 3% of the share capital.

A century of **history**

1905
The Parma municipal company for electric lighting is founded

1907
The Turin municipal company AEM is founded

1922
The Genoa municipal company for gas is founded

1936
The Genoa municipal company becomes AMGA

1962
The Reggio Emilia municipal company AMG is founded

1965
The Parma municipal company becomes AMPS

1972
The Piacenza municipal company ASM is founded

1994
From the Reggio Emilia municipal company AGAC is set up

Mission

Offering our customers and our territories the best integrated management of energy, water and environmental resources with innovative and sustainable solutions to create value over time.

For everyone, every day.

1996

AMGA Genoa is listed on the Stock Exchange

2000

AEM Turin is listed on the Stock Exchange and ASM Piacenza becomes TESA

2005

AMPS, TESA and AGAC set up ENIA

2006

AEM Turin and AMGA Genoa set up IRIDE

2007

ENIA is listed on the Stock Exchange

2010

IRIDE and ENIA set up IREN

A company that has been attentive to the **development of its territories** and its **customers'** needs for more than **110 years.**

Vision

Improving people's quality of life. Making companies more competitive. Looking at territorial growth with a focus on change. Merging development and sustainability into one unique value. We are the multi-utility company that wants to realise this future through innovative choices.

For everyone, every day.

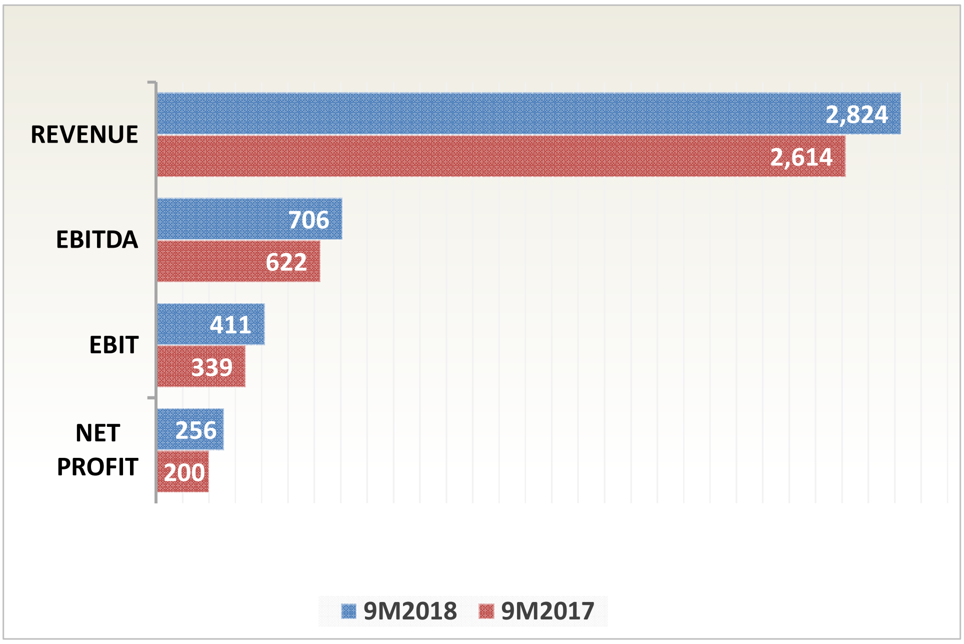
KEY FIGURES OF THE IREN GROUP: HIGHLIGHTS OF THE FIRST NINE MONTHS 2018

Economic data

millions of euro

	First 9 months 2018	First 9 months 2017 restated (*)	Changes %
Revenue	2,824	2,614	8.0
EBITDA	706	622	14.4
EBIT	411	339	22.7
Net profit	256	200	26.4
EBITDA Margin (EBITDA/Revenue)	25.0%	23.8%	

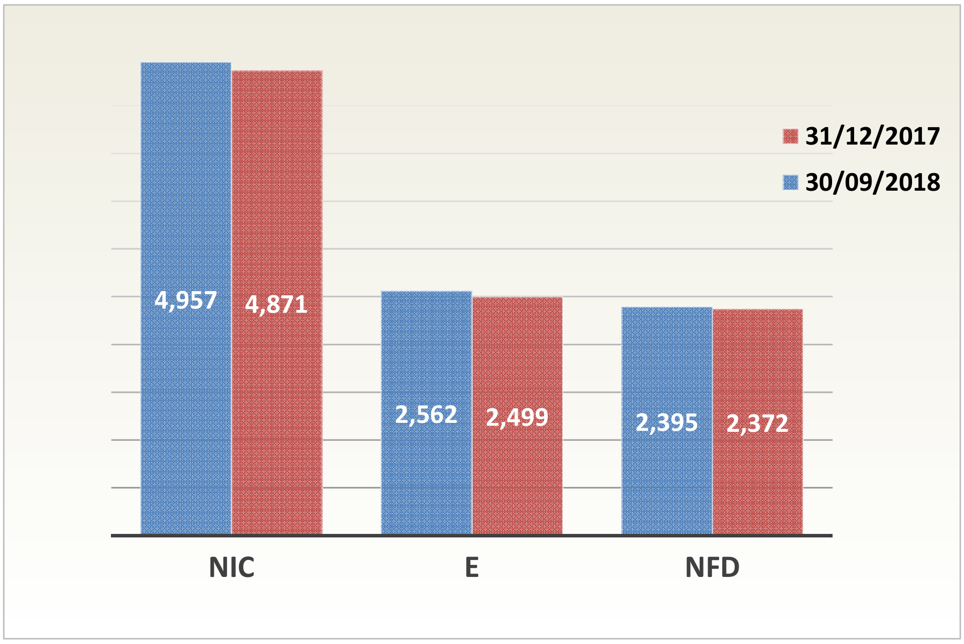
(*) As provided for in IFRS 3, the economic balances for the first nine months of 2017 were restated to take into account the effects deriving from the completion, at the end of financial year 2017, of the allocation of the purchase price, at the final fair value, of the assets and liabilities acquired (Purchase Price Allocation) relative to REI – Ricupero Ecologici Industriali and Salerno Energia Vendite. For further information please see the paragraph entitled "Restatement of amounts at 30 September 2017" in the section "Basis of preparation".



Financial position data

millions of euro

	30.09.2018	31.12.2017	Changes %
Net Invested Capital (NIC)	4,957	4,871	1.8
Equity (E)	2,562	2,499	2.5
Net financial debt (NFD)	2,395	2,372	1.0
Debt/Equity (Net Financial Debt/Equity)	0.93	0.95	

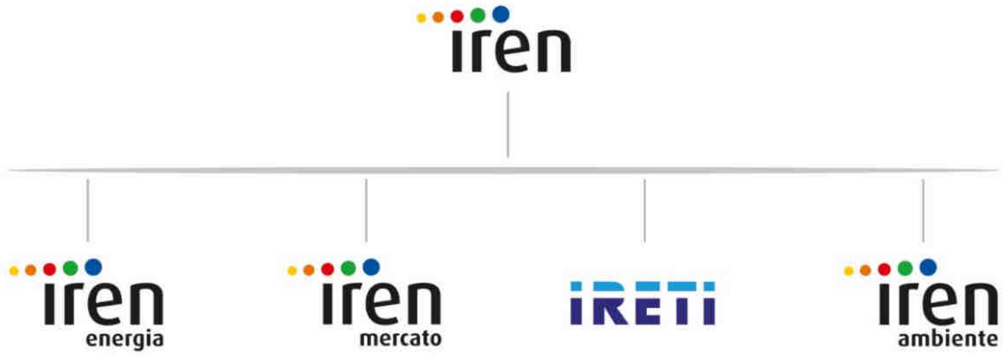


Technical and commercial data

	First 9 months 2018	First 9 months 2017	Changes %
Electricity produced (GWh)	6,478	6,771	(4.3)
Thermal energy produced (GWht)	1,841	1,878	(2.0)
Electricity distributed (GWh)	2,880	3,197	(9.9)
Gas distributed (mln m^3)	895	851	5.2
Water distributed (mln m^3)	138	132	4.5
Electricity sold (GWh)	11,268	11,765	(4.2)
Gas sold (mln m^3)*	1,838	1,884	(2.4)
District heating volume (mln m^3)	87.6	85.4	2.6
Waste handled (tonnes)	1,539,177	1,294,847	18.9

* of which, 1,044 mln m^3 for internal use in the first nine months of 2018 (1,111 mln m^3 in the first nine months of 2017, -6.0%)

THE CORPORATE STRUCTURE OF THE IREN GROUP



Note that this is the organisational structure for management purposes.
The presentation includes the Companies directly and entirely controlled by Iren S.p.A. In addition, Iren S.p.A. has a direct equity interest in the associate Plurigas S.p.A. – this company was placed in voluntary liquidation by the Shareholders' Meeting of 27 March 2013.

The Group is structured according to a model which provides for an industrial holding company, with registered office in Reggio Emilia, Italy, and four companies responsible for the single business lines operating in the main Italian operating bases of Genoa, Parma, Piacenza, Reggio Emilia, Turin, Vercelli and since this past April, also La Spezia.
The Holding is responsible for the strategic, development, coordination and control activities, while the four Business Units (BUs) have been entrusted with the coordination and guidance of the Companies operating in their respective sectors:

- Networks Business Unit, which operates in the field of the integrated water cycle, and in the gas distribution and electricity distribution sectors
- Waste Management Business Unit which performs the activities of waste collection and disposal
- Energy Business Unit operating in the sectors of electricity production, district heating and energy efficiency
- Market Business Unit active in the sale of electricity, gas and heat

The Group has an important customer portfolio and a significant number of plants supporting operating activities; with reference to the most recent approved financial statements, some indicators of the group's size are reported below:

Gas Distribution: through its network of approximately 7,984 kilometres Iren serves more than 742,000 customers.

Electricity Distribution: with 7,654 kilometres of high, medium and low voltage underground and overhead networks, the Group distributes electricity to almost 854,000 customers in Turin, Parma and Vercelli.

Integrated water cycle: with around 18,954 kilometres of pipeline networks, almost 10,393 km of sewerage networks and 1,171 treatment plants, Iren provides services to more than 2,640,000 residents.

Waste management cycle: with 145 equipped ecological stations, 3 waste-to-energy plants, 5 landfill sites, 18 treatment, selection, storage and recovery plants and 2 composting plants, the Group serves 145 municipalities for a total of approximately 2,100,000 residents and more than 2,000,000 tonnes managed in 2017.

Electrical and thermal energy production: a considerable number of electricity and heat production plants for urban district heating production, for a total capacity of approximately 2,850 MW of electricity.

District heating: through 923 kilometres of dual-pipe underground networks the Iren Group supplies heating for an overall volume of around 88 million m³, equivalent to a population served of over 871,000 residents.

Sales of gas, electricity and heat energy: during 2017 the Group sold almost 2.8 billion m³ of gas, just less than 16,000 GWh of electricity and approximately 3,000 GWh_t of heat for the district heating networks.

On 1 April 2018, the ACAM group, operating in the management of the integrated water and environmental hygiene service in the province of La Spezia, became part of the Iren group.
In particular, ACAM Acque S.p.A. is the group company that carries on its business, as leading operator, in the sector of management of the Integrated Water Service (IWS), overseeing all stages of the water cycle, from water catchment to the subsequent stages of purification and distribution to users, collection and transport of civil and industrial waste water and purification. The company operates in 26 municipalities within the province of La Spezia, serving approximately 206,000 residents through just less than 2,000 kilometres of water network and 857 kilometres of sewer network.
The company ACAM Ambiente S.p.A. is the main manger of the integrated waste cycle in the province of La Spezia and provides urban hygiene services to a catchment area of approximately 200,000 residents (door-to-door collection, road collection and sweeping and urban cleaning) and waste processing through the management of collection centres. Through the company ReCos S.p.A., it manages waste reclamation and processing plants with collection and composting centres and the activity of sending separated materials for recycling.

NETWORKS BU

The lead company IRETI and the business unit's subsidiaries handle the integrated water cycle, electricity distribution, natural gas distribution and other minor activities.

Integrated Water Services

IRETI, directly and through the operating subsidiaries Iren Acqua, Iren Acqua Tigullio, and also ASM Vercelli as mentioned above, operates in the field of water supply, sewerage and waste water treatment in the provinces of Genoa, Savona, Piacenza, Parma, Reggio Emilia, Vercelli, La Spezia, and several municipalities in the regions of Piedmont, the Valle d'Aosta, Lombardy and Veneto.
Overall, in the optimal territorial areas (OTAs) managed, the service is provided in 242 municipalities serving over 2.6 million residents.
During the first nine months of 2018 the Networks BU distributed approximately 138 million m³ of water, through a distribution network of around 19,000 km. As regards waste water, the company manages a total sewerage network spanning almost 10,400 Km.

Gas distribution

IRETI distributes natural gas in 75 municipalities of the Provinces of Reggio Emilia, Parma and Piacenza, in the Municipality of Genoa and in 19 other municipalities nearby. Through ASM Vercelli it distributes gas in the City of Vercelli and in 11 other municipalities of the province. The distribution network made up of 7,984 km of high, medium and low-pressure pipes serves a catchment area of approximately 742,000 customers.
During the first nine months of 2018, IRETI introduced approximately 895 million m³ of gas into the network.

Electricity distribution

IRETI provides the electricity distribution service in the cities of Turin and Parma with approximately 7,654 km of network in medium and low voltage. ASM Vercelli distributes electricity in the City of Vercelli. Electricity distributed in the first nine months of 2018 amounted to 2,880 GWh.

WASTE MANAGEMENT BU

The Waste Management Business Unit carries out waste collection and disposal activities mainly through five companies: Iren Ambiente, operating in the Emilia area, AMIAT, TRM, ASM Vercelli and REI operating in the Piedmont area. The plant network of the BU was expanded with the equity interest in ReCos operating in the Liguria area.

During the first half of 2017, the network was expanded further with the acquisition of a 45% stake in GAIA Asti S.p.A.—which is building 2 waste treatment plants— following the award of the tender for management of the waste service of the municipalities that are members of the Waste Catchment Area Consortium of the Asti Area.
The Waste Management BU carries out all the activities of the urban waste management chain (collection, selection, recovery and disposal) with particular attention to sustainable development and to environmental protection confirmed by growing levels of separated waste collection; it also manages an important customer portfolio to which it provides all the services for special waste disposal. In particular, through TRM S.p.A., the Business Unit manages the waste-to-energy plant in Turin, with a waste-to-energy capacity of approximately 500,000 tonnes/year of waste with recovery of energy. The single-plant company REI was set up for the creation of a new landfill site for hazardous waste, excluding municipal waste, based in Pianezza (TO), Italy; the company began operations in the second quarter of 2017.

ENERGY BU

Cogenerative production of electricity and heat
The Energia BU installed capacity totals approximately 2,850 MW (in electricity). Specifically, it has 23 electricity production plants directly available to it: 17 hydroelectric plants, 5 thermoelectric cogeneration plants and 1 conventional thermoelectric plant, for a total capacity of approximately 2,700 MW of electricity and 2,300 MW of heat, of which 900 MW through cogeneration. All primary energy sources used – hydroelectric and cogeneration – are eco-friendly. In particular, the hydroelectric production system plays an important role in environmental protection, as it uses a renewable and clean resource without the emission of pollutants. Hydroelectric energy reduces the need to make use of other forms of production that have a greater environmental impact. Environmental protection is a corporate priority for Iren Energia, which has always maintained that the development of hydroelectric production systems, in which it invests heavily each year, is one of the main ways to safeguard the local environment. 40% of total heat production capacity is generated by Group-owned cogeneration plants, while the remainder comes from conventional heat generators. Iren Energia oversees the Group’s electricity and thermal energy planning and dispatching activities.
In September, Iren Energia acquired 66.23% of Maira S.p.A., a company operating in the construction and management of hydroelectric plants in Piedmont, owner of 3 mini-hydro plants located in Val Maira, of a photovoltaic plant (11 KWp) and of a woodchip boiler (400 kWt) fed through a short supply chain.

District heating
Iren Energia has the largest district heating network in the country, with 923 km of dual pipes. The extension of the dual-pipe network amounts to approximately 568 km in the Turin area, 10 km in the Municipality of Genoa, 220 Km in the Municipality of Reggio Emilia, 102 Km in the Municipality of Parma and 23 km in the Municipality of Piacenza.
The total volume heated at 30 September 2018 amounted, in the catchment area historically served by the company, to 88 million m^3, up by 2.6% compared to the first nine months of 2017.

Energy efficiency services
Iren Energia also works in the field of street and monument lighting and traffic lights, and manages, in technological global service, the thermal and electrical systems of the public buildings of the city of Turin and renewable and alternative energy. The company is also responsible for heat management and for running and operating heating and air conditioning systems for private customers, as well as operational management of the heating systems of some public buildings located in the province of Genoa. In addition, new monitoring, consultancy, relamping and building requalification activities are carried out; these characterise precisely the energy efficiency activity.

MARKET BU

Through Iren Mercato, the Group sells electricity, gas and heat, through district heating networks, supplies fuel for the Group, and provides customer management services to the Group's investee companies.
On 16 May 2017, the company GEA Commerciale, formerly 100% controlled by Iren Mercato, was merged by incorporation into Salerno Energia Vendite with a consequent extension of the catchment area for gas sales.
On 6 September 2018, Iren Mercato and the company Spienergy finalised the transaction for the acquisition, by Iren Mercato, of the entire equity interest held by the latter in Spezia Energia Trading based in La Spezia. The company operates in the sale of gas and electricity on the final market, mainly small and medium-sized enterprises, both through its own commercial network and through a portfolio of third-party commercial partners that operate reselling the commodity acquired wholesale.

Iren Mercato operates at the national level, with a higher concentration of customers served in Central and Northern Italy, and handles the sale of the energy provided by the Group's various sources on the market, represented by end customers and wholesalers.
The main Group energy sources available for its activities are the thermoelectric and hydroelectric plants of Iren Energia. Iren Mercato also acts as "higher protection" service operator for retail customers in the electricity market in the Province of Turin and the Parma area; historically it operated in the direct sale of natural gas in the territories of Genoa and Turin, and in Emilia. Lastly, it handles heat sales to district heating customers in the Municipality of Turin and the provincial capitals of Reggio Emilia, Parma, Piacenza and Genoa and sales development in new district heating areas.
During the period, the new downstream business line became fully operational. It was launched during 2017 and sells retail customers innovative products in the areas of home automation, energy saving and domestic plant maintenance.
Again, in the period, "IrenGO at zero emissions" was also launched; this is an innovative offer for electric mobility aimed at private, corporate and business customers and public bodies with the objective of reducing the environmental impact of mobility. The Group has already tested the potentials and benefits of e-mobility through the internal launch of a series of initiatives, such as the installation of recharging infrastructures and the gradual introduction of electric vehicles, adopting and applying the electric mode. All the IrenGO internal and external electric mobility initiatives have 100% green energy supply coming from the Group's hydroelectric plants.

Sale of Natural Gas

Total volumes of natural gas procured during the first nine months of 2018 were approximately 2,041 million m^3 of which 794 million m^3 were sold to customers outside the Group, and 1,044 million m^3 were used within the Iren Group both for electricity and thermal energy production and for the provision of heating services; 203 million m^3 of gas were destined for storage.
At 30 September 2018, gas customers managed by the Market Business Unit amounted to more than 904,000, mainly spread throughout the traditional Genoa, Turin and Emilia Romagna catchment area and surrounding development areas, and customers of the catchment areas of Vercelli brought in by Atena Trading and the area in Campania brought in by Salerno Energia Vendite. In particular, Salerno Energia Vendite is present in almost all the provinces in Campania as well as in a number of municipalities of the Basilicata and Calabria regions.

Sale of electricity

The volumes sold in the first nine months of 2018 by the Market BU amounted to 6,333 GWh. Retail electricity customers managed at 30 September 2018 were more than 855,000, distributed mainly in the areas traditionally served, corresponding to Turin and Parma, and in the other areas covered commercially by Iren Mercato and by Atena Trading.

Sale of heat through the district heating network

Iren Mercato manages the sale of heat, purchased from Iren Energia, to customers receiving district heating in the Municipalities of Genoa, Turin and Nichelino, and in the provinces of Reggio Emilia, Piacenza and Parma. The total district heating volumes at 30 September 2018 amounted to 87.6 million m^3.

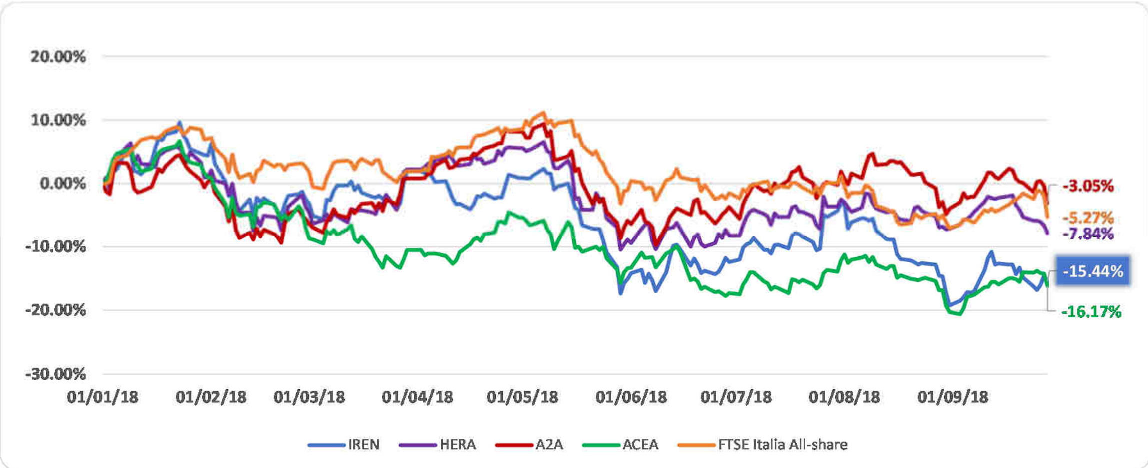
INFORMATION ON THE IREN SHARE IN THE FIRST NINE MONTHS OF 2018

Iren share performance on the Stock Exchange

During the first nine months of 2018, the FTSE Italia All-Share (the main Borsa Italiana index) recorded a reduction of 5.27% associated with the context of political uncertainty that had arisen in the first part of the year and, in particular, with the expectations regarding the measures of the coming budget law and the related increase in the public deficit.

This context was reflected also in the performance of Iren share, interrupting the trend of constant growth which had characterised the share price over the last four years (in particular in 2017 with the best performance compared to the direct competitors), and causing a reduction of 15.44% compared to 31 December 2017.

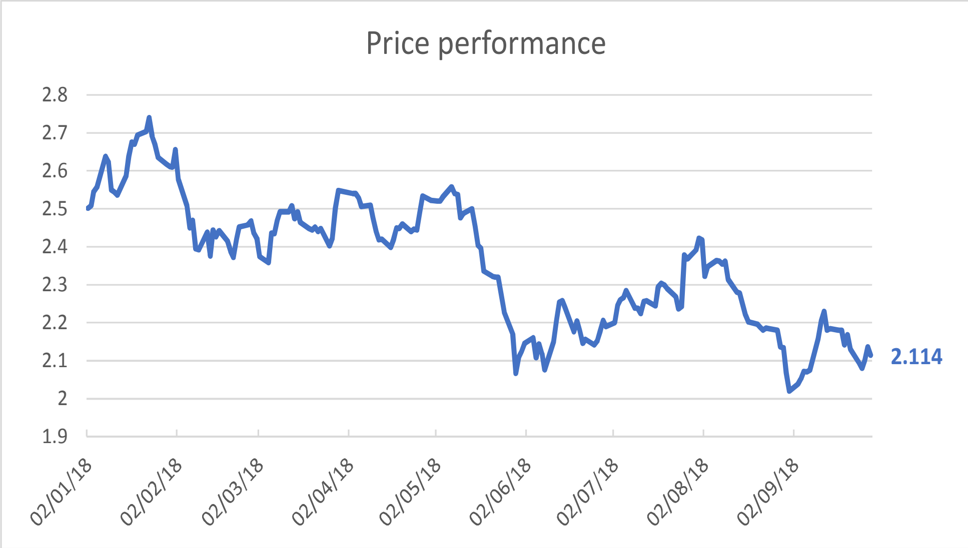
Performance of Iren share compared to competitors

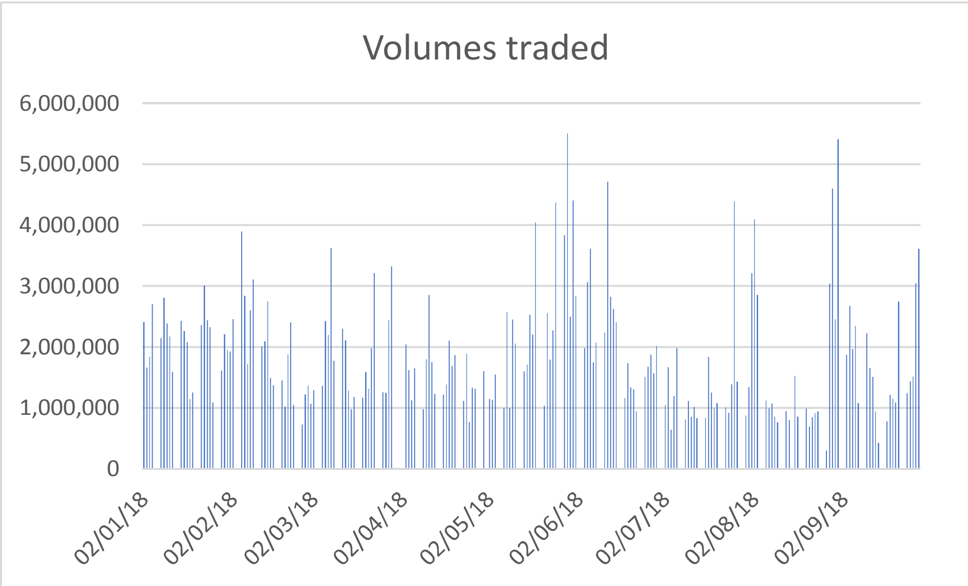


At 28 September 2018, the last day of Stock Exchange trading in the third quarter of the year, the price of Iren stock stood at 2.11 euro per share, with average trading volumes during the period of approximately 1.9 million units per day.

The average price in the nine months was 2.35 euro per share, reaching the highest point since the foundation of Iren (2.74 euro per share) on 23 January and a low for the year, 2.02 euro per share, on 31 August.

The two graphs presented below show the price performance and volumes traded in Iren stock over the first nine months of 2018.





Stock coverage

During the period the Iren Group was followed by eight brokers: Banca IMI, Banca Akros, Equita, Fidentiis, Intermonte, KeplerCheuvreux, Main First and Mediobanca.

Directors' Report

at 30 September **2018**

SIGNIFICANT EVENTS OF THE PERIOD

Conversion of 62,305,465 savings shares of Iren S.p.A. into ordinary shares

On the basis of the delegated power received from the Board of Directors on 20 December 2017, on 8 January 2018 the Deputy Chairperson of Iren S.p.A., Prof. Ettore Rocchi, carried out, with a positive result, the checks on the existence of the requirements pursuant to Art. 6 of the Iren S.p.A. bylaws for investors that acquired all the remaining 62,305,465 savings shares owned by FCT Holding S.p.A., a holding company with the Municipality of Turin as its sole shareholder, to be converted at par into Iren ordinary shares.

On the basis of the article in the Bylaws, the disposal of the savings shares held by FCT Holding S.p.A. entailed in fact their conversion into ordinary shares, after verification that the transfer, for any reason, was made to parties not related to the Municipality of Turin.

The transfer occurred following further requests for conversion (see the explanation in "Significant events of the period" in the financial statements at 31 December 2017) received starting from 20 December 2017, related to the "exchangeable" bonds issued by FCT Holding on 30 December 2015 for an amount of 150,000,000 euro that had as underlying a total of 80,498,014 Iren savings shares and 290,353 Iren ordinary shares owned by the same.

Following the aforementioned conversion, the Company's share capital is made up of only ordinary shares.

Award of 4 lots of the Consip tender for supplying electricity to the Public Administration

The Group, through Iren Mercato, strengthened its presence as an electricity supplier to Public Administrations in the North West with the award in January 2018 of four lots of the Consip EE15 tender, for a total amount for the supply estimated at 365 million euro of revenue.

Iren Mercato was confirmed therefore, also for 2018, as a major supplier for Public Administrations in Lombardy (lots 2 and 3) and Emilia Romagna (lot 6), while it became one again for the Public Administrations of Piedmont and Val d'Aosta (lot 1), for a total annual volume of supplies estimated at 2.4 TWh.

Among the players that took part in the tender Iren Mercato's technical and economic offer was the most competitive and for the supplies it provides for both fixed prices and variable prices linked to the value of energy on the power exchange. In addition, due also to the Group's renewable-source production assets, the Public Administrations involved have the option of purchasing certified "green" energy for all the quantities of their energy needs. The agreement with Consip is for a term of 12 months, with the possibility of being extended for a further six. In this context, Iren Mercato can take orders from Public Administrations up to exhaustion of the maximum energy ceilings provided for in each lot.

Sale of the shareholding held in Mestni Plinovodi

The transfer of the shareholding - representing 49.88% of the share capital of Mestni Plinovodi d.o.o., a company operating in the distribution and sale of gas in Slovenia - from IRETI, a company controlled by Iren S.p.A, to Adriaplin d.o.o., a company in the ENI group, was completed on 9 March 2018.

The price for the transfer of the shareholding was 8 million euro, with an economic benefit of 3 million euro, already recognised in the financial statements at 31 December 2017 as a recovery in the value of the shareholding in the light of the planned transfer.

The sale of the shareholding falls in the context of the business rationalisation implemented by the Iren Group in the last three years, which also includes the sale of assets and shareholdings deemed non-core, in order to release funds and seize opportunities for growth within the relevant areas.

Closing of the merger between Iren and the ACAM Group

On 11 April 2018 the merger was completed between Iren and the ACAM Group, which operates in integrated water service management, environmental service management and, to a lesser extent, energy services in the province of La Spezia.

The aforementioned operation had been launched in May 2017 with the bid made by Iren in the context of the transparent procedure promoted by ACAM to identify an economic operator with which to implement a corporate and industrial business combination, and it continued on 29 December 2017 with the signing of an investment agreement, subject to suspensive conditions, between Iren, ACAM S.p.A. and 31 public entity shareholders of ACAM, with the simultaneous resolution from Iren's Board of Directors to increase the share capital for payment, divisible, reserved for ACAM shareholders who had taken on the commitment to sell to the Company their entire shareholding held in ACAM.

Following the fulfilment of all of the conditions precedent specified in the investment agreement, including the necessary approval by the "Autorità Garante della Concorrenza e del Mercato" [Italian Antitrust Authority], the operation was carried out through:

- the acquisition by Iren of the ACAM shares held by 31 public entities, essentially equal to the entirety of its share capital, against total consideration of 59,000,274.29 euro; and
- the simultaneous subscription, by 27 ACAM shareholders, of a total of 24,705,700 new ordinary shares in Iren S.p.A., in the context of the capital increase reserved for them, representing 1.90% of Iren's share capital after the increase, for a total amount of 52,623,141.00 euro (including share premium).

The subscription price for each newly-issued Iren S.p.A. ordinary share was 2.13 euro, of which 1.00 euro to be attributed to share capital and € 1.13 as a premium. The Company offset the subscription price for the newly-issued shares payable by the subscribing ACAM shareholders with the selling price of the ACAM share capital payable by Iren, while the residual price payable by the Company to the selling and non-subscribing shareholders, totalling 6,377,133.29 euro, was paid in cash.

The ACAM shareholders that subscribed the reserved capital increase simultaneously signed the existing shareholders' agreement between the Iren public shareholders, bringing to the blocking and voting syndicate governed by it all the newly-issued shares subscribed by them in the context of the capital increase (with the exception of a single shareholder, which assumed a distinct commitment not to transfer the shares subscribed). The shareholders' agreement will expire in May 2019 and will be renewed tacitly for a further two years, unless terminated.

On the same date, ACAM, ACAM Acque and ACAM Ambiente fully repaid the existing debt exposures to the relevant financial institutions, equal to around 130 million euro.

Following that repayment, the debt restructuring agreement under Article 182 *bis et seq*. of the Budget Law, signed by the companies in the ACAM Group and approved by the Court of La Spezia, and the appended restructuring plan, were terminated, as they had become ineffective due to the obtaining of the objectives specified therein.

For more information regarding the terms and conditions of the operation and capital increase, including all of the related conditions, please refer to the contents of the section "Significant events of the period" in the Directors' Report at 31 December 2017.

The business combination with the ACAM Group enables the expansion of the Iren Group's concession portfolio, with the possibility, among other things, to aim to become the Ligurian regional operator of reference in water services, and to consolidate the current positioning in waste management services.

Shareholders' Meeting of Iren S.p.A.

The Iren S.p.A. Ordinary Shareholders' Meeting held on 19 April 2018 approved the Company's Financial Statements in relation to financial year 2017, the 2017 Directors' Report and the first section of the 2017 Remuneration Report, and resolved to distribute a dividend of 0.07 euro for each of the 1,300,931,377 eligible ordinary shares, including the 24,705,700 ordinary shares subscribed by the shareholders of ACAM S.p.A. by virtue of the increase of the share capital reserved for them, resolved by the Iren Board of

Directors on 29 December 2017. The dividend was paid starting from 20 June 2018 (ex-dividend date 18 June 2018 and record date 19 June 2018).
With approval of the financial statements at 31 December 2017 the term of office of the Board of Statutory Auditors expired. For the three years 2018-2020 the Shareholders' Meeting therefore appointed, on the basis of the lists presented: three Regular Auditors in the persons of Cristina Chiantia, Simone Caprari and Michele Rutigliano, electing the latter as Chairperson of the Board of Statutory Auditors; two Alternate Auditors in the persons of Marco Rossi and Donatella Busso. The Board of Statutory Auditors will remain in office up to the date of approval of the financial statements for the year ending 31 December 2020.

Agreement between the companies in the AMIAT Group, Iren Energia, Iren Mercato and the Municipality of Turin

On 12 July 2018, Iren S.p.A., in its capacity as authorised agent, with representative powers, of its subsidiaries AMIAT, Iren Energia and Iren Mercato as one party, and the City of Turin as the other signed an Agreement aimed at governing, with a single structure, the progressive repayment of the receivables due to the aforementioned companies from the said Municipality, as well as specifically reconciling certain receivable items currently contested or viewed differently and, on the occasion, reviewing and redetermining some of the obligations established in the existing contractual relationships.

The Agreement falls within the scope of various existing relationships between the Municipality of Turin, the Group's largest customer, and the aforementioned companies; in particular: AMIAT, the contractor for integrated management services for urban waste and winter road management, as well as services and work related to the closure and post-operational management of the Basse di Stura controlled landfill plant and other services associated with and/or complementary to the aforementioned ones; Iren Energia, the contractor for public street lighting and traffic light services, as well as the management of heating and electrical systems of municipal buildings used to provide services to the community; Iren Mercato, currently the Municipality's thermal energy supplier for district heating and, previously, electricity supplier for public street lighting and traffic light systems.
The initiatives undertaken represent an evolution in the series of contractual addenda entered into between 2012 and 2015 and, more specifically, the agreement signed in 2012 by Iren (also in the name and on behalf of Iride Servizi S.p.A., now Iren Energia, and of Iren Mercato) and the Municipality of Turin for purposes similar to the current ones, and also include the launch of projects in the context of services already provided. As far as Iren is concerned, the conclusion of the Agreement provides in particular for:

- obtaining formal recognition from the Municipality of the Group's receivable position, also following the reconciliation of disputed items or items not interpreted in the same way by all parties;
- formalising at the same time the plans for repayment of receivables past due at 30 June 2018 from the Municipality and fixing objectives of gradual reduction of the annual balances of receivables past due that the Municipality undertakes to observe to enable orderly collection of the receivables and an improvement in the Group's gross financial position, with the objective of reducing them to zero by the end of 2026;
- introducing offsetting mechanisms for items and a commitment to express consent, by the Municipality, for any transfer of receivables accrued in relation to it;
- introducing protective mechanisms in the case of breach by the Municipality, including, among other things, the detailed application of default interest (increasing the interest applied to current accounts), according to the significance of the breach, and the ability to activate an acceleration clause in relation to the Municipality, terminating the current accounts;
- approving, also as a result of the redefinition or revision of some previous contractual obligations, the completion of industrial projects on the basis of the existing service contracts and implementing the ordinary three-year revision procedure provided for in the AMIAT service contract.

We can note that the process of defining the Agreement was launched with the approval, on 20 February 2018, by the Board of Directors of Iren S.p.A., after a favourable opinion of the Committee for Transactions with Related Parties (CTRP), of a proposal, to be submitted to the Municipality of Turin, for a preliminary agreement between the Company (special agent, with representative powers, of AMIAT, Iren Energia and Iren Mercato) and the said Municipality, to arrive at a subsequent (definitive) Agreement aimed at defining certain relationships between the parties.

This preliminary agreement proposal was submitted to the Municipality of Turin which, with a resolution passed by the Municipal Executive Committee on 27 March 2018, approved the substantive contents of the operation. The Municipality and Iren consequently proceeded to sign a Preliminary Agreement on 3 April, through an exchange of correspondence, containing the essential elements, the terms and conditions to be reflected in a complete and precise manner in the subsequent Final Agreement, which the parties undertook to negotiate in good faith and define initially by 30 June 2018 and, following an extension agreed, by 15 July 2018.
After subsequent discussions, the parties resolved to proceed with the signing of the final contract with a resolution of the Board of Directors of Iren S.p.A. passed on 2 July 2018, after issuance of the favourable opinion of the CTRP, and with resolutions, dated 3 July, of the Municipal Executive Committee of Turin and of the competent administrative bodies of the other Group companies involved in the operation. The Final Agreement, as above, was consequently signed on 12 July 2018.

Iren's signing of the agreement was classified as a significant transaction pursuant to Article 4, paragraph 1, sub-paragraph a) of the Regulation Containing Provisions on Transactions with Related Parties, adopted by CONSOB with resolution no. 17221 of 12 March 2010, as subsequently amended, since the equivalent value of the transaction—an indicator of significance—exceeds the threshold of 5% of Iren S.p.A. capitalisation. As a result of the above, a disclosure document was issued, published and filed within the legal terms, to which you should refer for further information.

Demerger of FSU with beneficiary FCT Holding
On 27 July 2018, the asymmetric non-proportional partial demerger of Finanziaria Sviluppo Utilities S.r.l. (FSU) came into effect. Up to that date, the company had held an equity interest of 32.67% in the share capital of Iren S.p.A., and was 50% owned by the Municipality of Genoa and 50% indirectly owned by the Municipality of Turin through Finanziaria Città di Torino Holding S.p.A. (FCT Holding, wholly controlled by the latter). As a result of the demerger:

- half of the shareholders' equity of FSU was assigned to FCT Holding, against the cancellation of the related equity interest of the latter in FSU, and with consequent reduction of half of the share capital;
- following the reduction of capital, the Municipality of Genoa, therefore, came to hold 100% of the share capital of FSU.

After this operation, FSU (wholly controlled by the Municipality of Genoa) and FCT Holding (wholly controlled by the Municipality of Turin) each hold an equity interest in Iren S.p.A. of 16.335% of the share capital.

Acquisition of Spezia Energy Trading
On 6 September 2018, Iren Mercato acquired Spezia Energy Trading, a company controlled by Spienergy, based in La Spezia, and part of the ENOI Group. Spezia Energy Trading operates in the sale of electricity and gas both to final customers, primarily Small and Medium-sized Enterprises (SMEs), and on the wholesale market.
Based on the agreements, before the closing of the acquisition transaction, all of Spienergy's customer portfolio was contributed to Spezia Energy Trading. This portfolio is made up of electricity contracts for 1.6 TWh (corresponding to approximately 42,500 PODs) and gas contracts for 0.26 TWh (corresponding to approximately 1,300 PDRs), distributed in particular in the centre-north area. The business acquired will be the subject of further development and integration with Iren Mercato's customer portfolio.
The transaction enables a sharp acceleration of the growth plan in the SME field of the Market Business Unit with respect to what is provided for in the business plan, making use of a customer portfolio with good margins in territories contiguous to those of reference of the Group and together with the expansion of the indirect sales network supplemented by the development of new distribution channels.

Industrial partnership with Fratello Sole in the energy efficiency and e-mobility sector
On 7 September 2018, Iren Energia finalised an industrial partnership with Fratello Sole S.c.a.r.l., a company operating in support of charitable and socially-useful entities in the field of saving on energy costs.

The partnership, observing the principles contained in the Business Plan, involves an equity investment in the newly-incorporated company Fratello Sole Energie Solidali S.r.l., a social non-profit enterprise that will supply management and energy efficiency services in relation to the property assets of the third-sector shareholders that founded Fratello Sole S.c.a.r.l.. The transaction will regard potential property assets of 300 buildings and the work will develop over the next 4 years, with the possibility of parallel development of e-mobility projects for customers.
Following the transaction, Fratello Sole Energie Solidali is held 60% by Fratello Sole and 40% by Iren Energia which, through its division Iren Smart Solutions, will act in the capacity of technical partner.
The company will be responsible for energy efficiency work and will involve the technical partner as implementer and/or main contractor for feasibility analyses, planning and implementation.

Issue of a second Green Bond of 500 million euro

As part of the existing Euro Medium Term Notes (EMTN) Programme, on 12 September 2018 Iren S.p.A completed with full success the issue of its second Green Bond, for an amount of 500 million euro and a duration of 7 years, strengthening further the process of optimising its financial profile and its presence in the green segment, also through a structured programme of issues focused mainly on the economic, environmental and social sustainability of the projects financed.
These securities, which have a minimum unit price of 100,000 euro and mature on 19 September 2025, pay a gross annual coupon of 1.95%. They were placed at an issue price of 99.129%. The effective gross rate of return on maturity is 2.085%, corresponding to a yield of 150 basis points above the 7-year mid-swap rate. The new bond is listed on the regulated market of the Irish Stock Exchange and at the multilateral trading facility “ExtraMOT PRO”, organised and managed by Borsa Italiana, in the segment devoted to Green Bonds.
The Green Bond is destined to finance and refinance projects related to energy efficiency, to renewable sources, to increasing efficiency in managing the waste cycle, to purifying waste water and to electrical mobility, all environmentally sustainable and recognised as such through certification by an independent body (DNV GL).
The current issue supplements the Green Bond of the same amount placed in October 2017, taking the total to 1 billion euro of “green” issues carried out by Iren, equivalent to approximately 40% of its bond portfolio, testifying to the Group’s tangible commitment in the inclusion of “ESG” (Environment, Social and Governance) issues in the process of study and selection of the strategic investment options.

Business plan to 2023

On 26 September 2018, the Board of Directors approved the Business Plan to 2023, which confirms the strategic framework of the previous Plan with the addition of new growth opportunities deriving from the development achieved in the last four years.
The main trends which, in the next few years, will influence the Group’s strategies are energy in transition, sustainable development; the technological revolution and the central role of the customer/citizen; from these come the choices on which the Plan is based, which can be summarised in the following inter-related strategic pillars:

- **organic growth**, related to development of the integrated water service, to activities in favour of customers, to district heating, to waste treatment plants and to participation in gas tenders;
- **efficiency**, with a further action to increase efficiency in addition to the synergies already achieved in the previous three years, mainly through Performance Improvement initiatives;
- **customers**: the redefinition of the role of the customer/citizen, increasingly active and participative in purchase decisions, orients investments towards digital customer relations processes and towards a plan for the development of innovative services with high added value (electrical mobility, energy efficiency and New Downstream);
- **environmental sustainability**, through the definition of “ESG” (Environment, Social, Governance) targets in response to the objectives set by the United Nations on the subject of climate change through the use of water resources, the circular economy, decarbonisation and resilient cities;
- **people**: strong focus on skills and on an agile and efficient organisation, through improving the Talent & Performance Management processes in terms of intelligent selection of human resources, growth through training and incentives for the same. A major generational turnover is foreseen; this will be supported by the recruitment of new resources to a greater extent with respect to the numbers leaving;

- **digitalisation and innovation**: development is pursued through direct creation of Industry 4.0 and digitalisation projects in order to increase efficiency and offer to customers/citizens services in line with the needs arising. A Corporate Venture Capital programme in a structured open innovation process must be added to this.

Based on these strategic pillars, the Iren Group foresees:

- an EBITDA of 1,020 million euro in 2023, with an increase of approximately 200 million euro compared to the final figure for 2017, mainly due to organic growth (120 million euro) and synergies (65 million euro);
- a Group net profit, again in 2023, of approximately 300 million euro;
- total investments over the period of the plan of 3 billion euro (500 million euro more than the previous Business Plan). Among them, the investments provided for in the regulated sectors amount to 1.4 billion euro (of which approximately 1 billion destined for improvement of the water service, by increasing efficiency, developing the water network and building water treatment plants). Approximately 900 million euro is reserved for development investments, associated with district heating, energy efficiency, treatment plants and the reconfirmation of gas distribution concessions. Finally, approximately 700 million euro is earmarked for maintenance on non-regulated activities;
- cash generation that will make it possible to achieve a Net financial debt/EBITDA ratio in 2023 of 2.3x, less than the figure of 3.0x considered at the moment adequate for optimising the Group's financial structure, so as to make it possible to allocate additional financial resources to other growth options along internal and external lines, not included in the plan targets but already clearly identified;
- a planned dividend of 8.4 euro cents/share for financial year 2018, up 20% compared to the last one distributed. In addition, constant subsequent increases in the order of 10% per year are envisaged, with a dividend of 13.5 euro cents/share in 2023. From 2019, the pay-out ratio is expected to come out at 50% - this remuneration is compatible with maintenance of the level of investment grade (Fitch Rating equivalent to BBB).

Acquisition of Maira S.p.A.

On 28 September 2018, Iren Energia completed the transaction to acquire a controlling stake in Maira S.p.A., with registered office in San Damiano Macra (CN). The transaction also provides for the possibility for Iren Energia to exercise, on fulfilment of certain conditions, a call option for the purchase of 60% of shares of the investee Alpen 2.0 S.r.l., with registered office in Turin, Italy.

Maira is a company operating in the construction and management of hydroelectric plants in Piedmont and currently has in concession and manages 3 mini-hydroelectric plants for a total installed capacity of 5 MW, with annual production of approximately 15 GWh.

Alpen 2.0 S.r.l. was set to become a platform for the acquisition and operation of mini-hydroelectric plants mainly in the North West area and has in progress the development of a number of greenfield projects in Piedmont, for a total production capacity of approximately 18 GWh/year.

The operation is part of a process of developing the Energy Business Unit through strengthening the presence in the Group's core territories, with particular reference to production from renewable sources.

FINANCIAL POSITION, RESULTS OF OPERATIONS AND CASH FLOWS OF THE IREN GROUP

Income statement

IREN GROUP INCOME STATEMENT

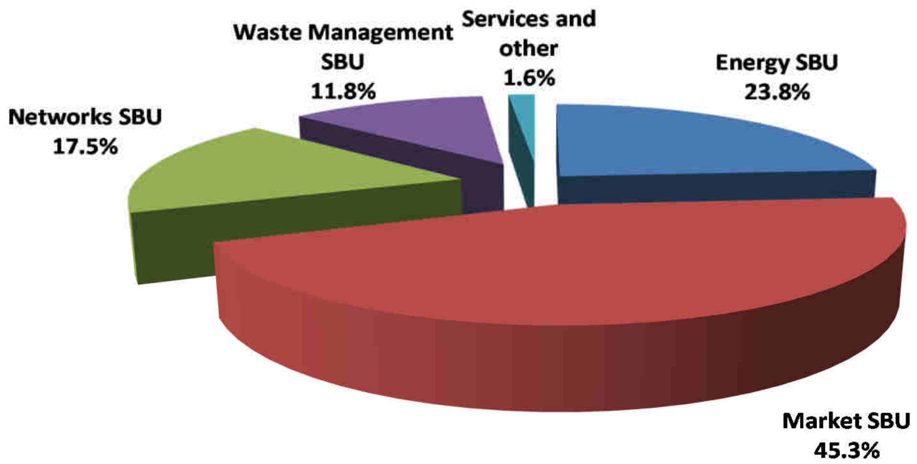
thousands of euro

	First nine months 2018	First nine months 2017 Restated (*)	Change %
Revenue			
Revenue from goods and services	2,611,335	2,428,060	7.5
Change in work in progress	1	(4,562)	(**)
Other income	212,723	190,903	11.4
Total revenue	**2,824,059**	**2,614,401**	**8.0**
Operating expenses			
Raw materials, consumables, supplies and goods	(924,150)	(841,203)	9.9
Services and use of third-party assets	(887,046)	(837,230)	6.0
Other operating expenses	(39,303)	(62,819)	(37.4)
Capitalised expenses for internal work	23,394	19,649	19.1
Personnel expense	(290,825)	(270,639)	7.5
Total operating expenses	**(2,117,930)**	**(1,992,242)**	**6.3**
GROSS OPERATING PROFIT (EBITDA)	**706,129**	**622,159**	**13.5**
Depreciation, amortisation, provisions and impairment losses			
Depreciation and amortisation	(257,883)	(235,243)	9.6
Provisions for impairment of receivables	(34,275)	(37,882)	(9.5)
Other provisions and impairment losses	(3,339)	(10,100)	(66.9)
Total depreciation, amortisation, provisions and impairment losses	**(295,497)**	**(283,225)**	**4.3**
OPERATING PROFIT (EBIT)	**410,632**	**338,934**	**21.2**
Financial income and expense			
Financial income	25,652	25,241	1.6
Financial expense	(71,382)	(84,698)	(15.7)
Total financial income and expense	**(45,730)**	**(59,457)**	**(23.1)**
Share of profit (loss) of associates accounted for using the equity method	(741)	4,450	(**)
Value adjustments on equity investments	2,061	8,579	(76.0)
Profit (loss) before tax	**366,222**	**292,506**	**25.2**
Income tax expense	(110,343)	(92,251)	19.6
Net profit (loss) from continuing operations	**255,879**	**200,255**	**27.8**
Net profit (loss) from discontinued operations	-	-	-
Net profit (loss) for the period	**255,879**	**200,255**	**27.8**
attributable to:			
- Profit (loss) for the period attributable to shareholders	236,493	178,684	32.4
- Profit (loss) for the period attributable to minorities	19,386	21,571	(10.1)

(*) As provided for in IFRS 3, the economic balances for the first nine months of 2017 were redetermined to take into account the effects deriving from the completion, at the end of financial year 2017, of the allocation of the purchase price, at the final fair value, of the assets and liabilities acquired (Purchase Price Allocation) relative to REI – Ricupero Ecologici Industriali and Salerno Energia Vendite.
For further information please see the paragraph entitled "Restatement of amounts at 30 September 2017" in the section "Basis of preparation".
(**) Change of more than 100%

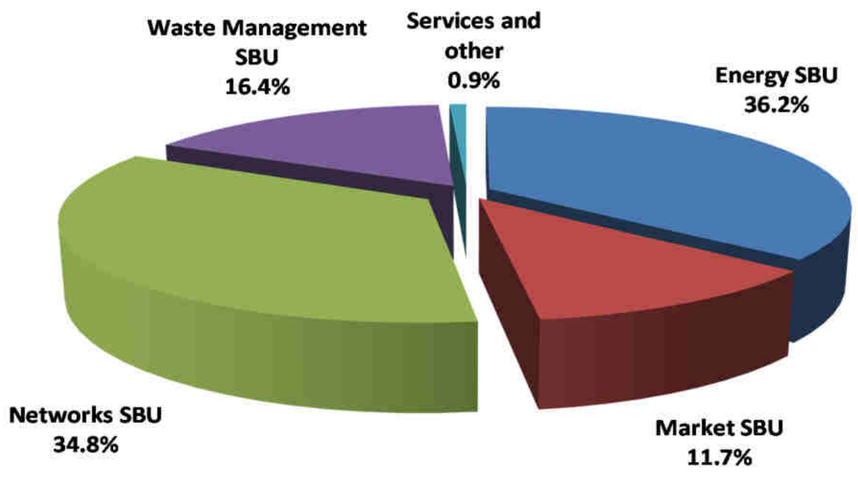
Revenue

At 30 September 2018, the Iren Group achieved revenue of 2,824 million euro, up by +8.0% compared to the 2,614 million euro of the corresponding period of 2017. Salerno Energia Vendite (SEV) and the Iren Rinnovabili group—consolidated respectively from 1 May 2017 and from 1 January 2018—contributed to the increase in revenue, as did, and in particular, the ACAM La Spezia group companies, consolidated as of 1 April 2018.



Gross Operating Profit (EBITDA)

The gross operating profit (EBITDA) for the period amounted to 706 million euro, up by +13.5% compared to the 622 million euro of the corresponding period of 2017. The first nine months of 2018 were characterised by a deterioration in the energy scenario, with consequent pressure on margins of the energy sectors of both electricity production and gas sales. However, the improvement in the management of energy efficiency certificates, in part thanks to the recognition of greater quantities and mainly as a result of emergence of contingencies linked to an increase in their value due to the rise in market prices, made it possible to absorb the negative effects of the energy scenario. The economic impact of the said contingency was 59 million euro. Besides the operating synergies, the changes in the perimeter connected with the consolidation of Salerno Energia Vendite, of the ACAM La Spezia group and of the Iren Rinnovabili group also contributed to the improvement in the profit.



Operating profit (EBIT)

Operating profit totalled 411 million euro, +21.2% up from the figure of 339 million euro, in the corresponding period of 2017. Higher amortisation of approximately 22 million euro was recorded, of which approximately 9 million euro attributable to the aforementioned expansion of the consolidation scope, offset by lower net provisions for risks of approximately 7 million euro and lower provisions for impairment of receivables of approximately 3 million euro.

Financial income and expense
Net financial expense totalled a negative balance of 45.7 million euro. In particular financial expenses amounted to 71.4 million euro (84.7 million euro in the first nine months of 2017). The change compared to the comparative period was mainly due to the reduction in the average cost of the debt.
Financial income amounted instead to 25.7 million euro, substantially in line with the figure for the first nine months of 2017.

Share of profit (loss) of associates accounted for using the equity method
The pro-rata results of associates accounted for using the equity method amounted to -0.7 million euro. The figure for the first nine months of 2017 (+4.5 million euro) was largely attributable to the profit of the ASTEA Group, affected by the capital gain made on disposal of its subsidiary ASTEA Energia.

Value adjustments on equity investments
This item amounted in the period to 2.1 million euro and is related to the write-back referred to the equity investment in the associate Acquaenna (1.4 million euro), made to adjust for impairment losses that had occurred in previous years, and to the restatement at fair value, at the control acquisition date, of the non-controlling interest held in ReCos (0.7 million euro).
The figure for the comparative period (8.6 million euro) regards the restatement at fair value that had affected the non-controlling stakes held in Salerno Energia Vendite at the control acquisition date, in May 2017.

Profit (loss) before tax
As a result of the above trends the consolidated profit before tax came out at 366.2 million euro, up on the 292.5 million euro of the first nine months of 2017 (+25.2%).

Income tax expense
Income taxes for the period were 110.3 million euro, an increase of 19.6% compared to the comparative period, in relation to the increase in the profit before tax, with an effective tax rate estimated today at 30.1% for financial year 2018.

Net profit (loss) for the period
As a consequence of the above, in the first nine months of the year we can note a significant increase in the net profit (+27.8% compared with the comparative period), which came out at 255.9 million euro. The figure is due to the Group's profit of 236.5 million euro, while profit attributable to non-controlling interests was 19.4 million euro.

Statement of Financial Position

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF THE IREN GROUP

thousands of euro

	30.09.2018	31.12.2017	Change %
Non-current assets	5,720,069	5,412,159	5.7
Other non-current assets (liabilities)	(420,376)	(177,981)	(*)
Net Working Capital	149,649	181,869	(17.7)
Deferred tax assets (liabilities)	124,193	64,011	94.0
Provisions for risks and employee benefits	(617,214)	(618,194)	(0.2)
Assets (Liabilities) held for sale	524	8,724	(94.0)
Net invested capital	**4,956,845**	**4,870,588**	**1.8**
Shareholders' equity	2,561,962	2,498,803	2.5
Non-current financial assets	*(130,356)*	*(165,767)*	*(21.4)*
Non-current financial debt	*3,287,345*	*3,023,888*	*8.7*
Non-current net financial debt	3,156,989	2,858,121	10.5
Current financial assets	*(1,049,880)*	*(675,468)*	*55.4*
Current financial debt	*287,774*	*189,132*	*52.2*
Current net financial debt	(762,106)	(486,336)	56.7
Net financial debt	2,394,883	2,371,785	1.0
Own funds and net financial debt	**4,956,845**	**4,870,588**	**1.8**

(*) Change of more than 100%

The main changes in the financial position for the first nine months of the financial year are commented on below.

Non-current assets at 30 September 2018 amounted to 5,720 million euro, increasing compared to 31 December 2017, when they were 5,412 million euro. The increase (308 million euro) was essentially due to the algebraic sum of the following determinants:

- technical investments in tangible and intangible fixed assets (286 million euro), depreciation and amortisation (-258 million euro) and disposals (-6 million euro) in the period;
- the assets acquired, including goodwill, following consolidation of the ACAM group and of ReCos, mostly consisting of plants related to the integrated water service and to the environment supply chain (270 million euro) as well as of Maira (9 million euro), mainly related to mini-hydroelectric assets.

For more information on the segment details of investments in the period, reference should be made to the section "Segment Reporting" below.

"Other non-current assets (liabilities)" show a negative balance of 420 million euro. The decrease compared with 31 December 2017, of 242 million euro, is mostly attributable to recognition of long-term deferred income, relating both to the cumulative effect at 1 January 2018 of the change in the accounting treatment of connection contributions, adopted as of that date following the entry into force of IFRS 15 - *Revenue from Contracts with Customers* and to the change in the scope due to the consolidation of the ACAM group companies.

Recognition of the tax effect deriving from first adoption of IFRS 15 determined most of the increase in the item Deferred tax assets (liabilities), which increased by 60 million euro compared with the figure at 31 December 2017, coming out at 124 million euro at the end of the period.

Net Working Capital was 150 million euro (182 million euro at 31 December 2017); the decrease (-32 million euro, 17.7%) is attributable to the change in tax payables as a consequence of recognition of the estimated income tax expense for the period, net of the payments made, partially offset by the trend in commercial items and balances related to energy certificates.

"Provisions for Risks and Employee Benefits " amounted to 617 million euro, substantially unchanged compared with the figure for 31 December 2017.

The decrease in the “Assets (Liabilities) held for sale”, equal to 8 million euro, relates to the sale of the shareholding in the associate Mestni Plinovodi which took place in the period.

Equity amounted to 2,562 million euro, compared to the 2,499 million of 31 December 2017 (+63 million euro). The main changes in the period were related, as well as to the net profit (+256 million euro), to the cumulative effect at 1 January 2018 deriving, as mentioned, from first adoption of IFRS 9 and 15 (-138 million euro), to the capital increase, with the related premium, subscribed by the public-body shareholders of the former ACAM (+52 million euro) and to dividends paid (-113 million euro).

Net financial debt at the end of the period was 2,395 million euro, recording an increase of 23 million euro compared to 31 December 2017 (+1%). The change is analysed in detail in the statement of cash flows presented below.

STATEMENT OF CASH FLOWS OF THE IREN GROUP

Change in net financial debt

The statement below details the movements in the Group’s net financial debt that occurred in the period.

thousands of euro

	First nine months 2018	First nine months 2017 Restated (*)	Change %
A. Opening Net financial (debt)	**(2,371,785)**	**(2,457,107)**	**(3.5)**
Cash flows from operating activities			
Profit (loss) for the period	255,879	200,255	27.8
Adjustments for non-financial movements	482,383	438,343	10.0
Utilisations of employee benefits	(8,448)	(4,447)	90.0
Utilisations of provisions for risks and other charges	(20,826)	(19,536)	6.6
Change in other non-current assets and liabilities	5,134	17,480	(70.6)
Other changes in capital	(28,911)	(9,484)	(**)
Taxes paid	(54,099)	(61,777)	(12.4)
B. Cash flows from operating activities before changes in NWC	**631,112**	**560,834**	**12.5**
C. Cash flows from changes in NWC	**(52,045)**	**(121,211)**	**(57.1)**
D. Cash flows from/(used in) operating activities (B+C)	**579,067**	**439,623**	**31.7**
Cash flows from /(used in) investing activities			
Investments in property, plant and equipment and intangible assets	(286,483)	(200,248)	43.1
Investments in financial assets	(300)	(15,175)	(98.0)
Proceeds from the sale of investments and changes in assets held for sale	14,902	3,343	(**)
Changes in consolidation scope	(233,366)	(10,127)	(**)
Dividends received	1,698	3,929	(56.8)
E. Total cash flows from /(used in) investing activities	**(503,549)**	**(218,278)**	**(**)**
F. Free cash flow (D+E)	**75,518**	**221,345**	**(65.9)**
Cash flows from /(used in) financing activities			
Capital increase	52,622	-	-
Dividends paid	(112,973)	(89,364)	26.4
Interest paid	(39,932)	(48,024)	(16.8)
Interest received	10,480	11,589	(9.6)
Change in fair value of hedging derivatives	10,709	6,659	60.8
Other changes	(19,522)	(23,026)	(15.2)
G. Total cash flows from /(used in) financing activities	**(98,616)**	**(142,166)**	**(30.6)**
H. Change in net financial (debt) (F+G)	**(23,098)**	**79,179**	**(**)**
I. Closing Net financial (debt) (A+H)	**(2,394,883)**	**(2,377,928)**	**0.7**

(*) As provided for in IFRS 3, the representation of cash flows for the first nine months of 2017 were redetermined to take into account the effects deriving from the completion, at the end of financial year 2017, of the allocation of the purchase price, at the final fair value, of the assets and liabilities acquired (Purchase Price Allocation) related to REI – Ricupero Ecologici Industriali and Salerno Energia Vendite.
For further information please see the paragraph entitled “Restatement of amounts at 30 September 2017” in the section “Basis of preparation”.
(**) Change of more than 100%

The increase in financial debt derives from the following determinants:

- operating cash flow of 579 million euro;
- cash flow from investing activities (-504 million euro) which reflects the technical investments in the period (286 million euro, up compared to the 200 million euro of the first nine months of 2017) and the effect of acquisition of the ACAM group companies, ReCos, Maira and Spezia Energy Trading (233 million euro, present in the item “changes in consolidation scope”), net of the cash-in deriving from the sale of the equity investment in Mestni Plinovodi and of a number of lesser assets (for a total of 15 million euro, present in the item “Proceeds from the sale of investments and assets held for sale”).
- as regards the cash flow components of financing activities (-99 million euro), we can note that the outgoing related to dividends paid (-113 million) was partially offset by the positive flow deriving from the capital increase reserved for the public shareholders of the former ACAM for 52 million euro.

The statement of cash flows prepared according to the format of a change in cash and cash equivalents is presented in the section “Consolidated financial statements” in this document.

SEGMENT REPORTING

The Iren Group operates in the following business segments:

- Networks (Electricity Distribution Networks, Gas Distribution Networks, Integrated Water Service)
- Waste Management (Waste collection and disposal)
- Energy (Hydroelectric Production and production from other renewable sources, Combined Heat and Power, District Heating Networks, Thermoelectric Production)
- Market (Sale of electricity, gas, heat)
- Other services (Public Lighting, Global Services energy efficiency services and other minor services).

These operating segments are disclosed pursuant to IFRS 8. Under this standard, the disclosure about operating segments should be based on the elements which management uses in making operational and strategic decisions.
For a proper interpretation of the income statements relating to individual businesses presented and commented on below, revenue and expense referring to joint activities were fully allocated to the businesses, based on actual usage of the services provided or according to technical and economic drivers.
Given the fact that the Group mainly operates in one area, the following segment information does not include a breakdown by geographical area.
Below are the main income statement items with the related comments broken down by operating segment compared to the figures of the first 9 months of 2017.
In the first nine months of 2018, non-regulated activities contributed to the formation of gross operating profit for 29% (27% in the first nine months of 2017), regulated activities accounted for 44% (46% in the first nine months of 2017), while semi-regulated activities went down from 28% in 2017 to 27% in 2018. The contribution of regulated activities and non-regulated activities is determined excluding the extraordinary and non-repeatable effect related to the valuation of energy efficiency certificates commented on in the section on energy.

Starting from 1 January 2018, the Group's consolidated income statement contains the economic figures of the Iren Rinnovabili group companies and, starting from 1 April 2018, those of the ACAM group companies and of ReCos S.p.A.; the economic results of the first nine months of 2018 are therefore affected by the inclusion of these figures in the consolidation scope. We can also note that the income statement items include, along the entire time period in question, the results of the subsidiary Salerno Energia Vendite, while in 2017 they were included starting from 1 May.

Networks SBU

At 30 September 2018 the Network business segment, which comprises the businesses of Gas Distribution, Electricity and the Integrated Water Service, recorded revenue of 676 million euro, up slightly by +1.2%, compared to the 668 million euro for the corresponding period of 2017. The consolidation of ACAM Acque starting from 1 April 2018 contributed to the increase in revenue.

The gross operating profit (EBITDA) amounted to 246 million euro, up by 1.7% compared to 242 million euro in the first nine months of 2017.

The net operating profit (EBIT) amounted to 136 million euro, down -4.3% compared 142 million euro in the first nine months of 2017. The positive trend in gross operating profit was more than offset by higher amortisation and depreciation for around 7.5 million euro.
The main changes in gross operating profit for the segments concerned are illustrated below.

		First 9 months 2018	**First 9 months 2017**	**Δ %**
Revenue	€/mln	676	668	1.2%
Gross Operating Profit (EBITDA)	€/mln	246	242	1.7%
EBITDA Margin		*36.4%*	*36.2%*	
from Electricity Networks	*€/mln*	*52*	*53*	*-2.2%*
from Gas Networks	*€/mln*	*60*	*59*	*1.1%*
from Integrated Water Service	*€/mln*	134	129	*3.7%*
Operating Profit (EBIT)	€/mln	136	142	-4.3%
Investments	€/mln	174	120	45.1%
in Electricity Networks	*€/mln*	*29*	*19*	*54.8%*
in Gas Networks	*€/mln*	*40*	*29*	*37.9%*
in Integrated Water Service	*€/mln*	105	72	45.5%
Electricity distributed	GWh	2,880	3,197	-9.9%
Gas introduced into the network	Million m^3	895	851	5.1%
Water sold	Million m^3	138	132	4.8%

Networks SBU **-** *Electricity*

Gross operating profit amounted to 52 million euro, slightly down (-2.2%) on the 53 million euro of the corresponding period of 2017.
The decline in profit is mainly attributable the lower revenue from connections, partially offset by lower operating expenses.
During the period investments for 29 million euro were made, up by 54.8% compared to the 19 million euro of the corresponding period of 2017. They were mainly related to new connections, and to the construction of new LV/MV substations and LV/MV lines.

Networks SBU - Gas Distribution

Gross operating profit (EBITDA) of gas distribution networks amounted to 60 million euro, up (+1.1%) compared to the corresponding period of 2017. The increase in the profit was due mainly to an improvement in the Total Revenue Constraint (TRC) and to a positive effect related to energy efficiency certificates which made it possible to absorb the negative effect related to a number of contingent assets that had characterised 2017 and that were no longer repeatable.
Investments made in the period amounted to 40 million euro, up (+37.9%) compared to the 29 million euro of 2017, and regarded the provisions of ARERA resolutions, in particular making the network compliant with cathodic protection, and the installation of electronic meters.

Networks SBU - Water Cycle

The gross operating profit (EBITDA) for the period amounted to 134 million euro, up (+3.7%) compared to the 129 million euro of the first nine months of 2017. The increased profit was mainly due to an increase in Operator Revenue Constraint (ORC), to synergies and rationalisations of operating costs and to the consolidation of ACAM Acque as of 1 April 2018, which more than offset the absence of the positive extraordinary items of the first nine months of 2017, in particular tariff adjustments, which were no longer repeatable.

Investments in the period totalled 105 million euro, up sharply (+45.5%) compared to the 72 million euro of 2017 and concerned the construction, development and maintenance of distribution networks and plants, the sewerage network and water treatment plants.

Waste Management SBU

At 30 September 2018, revenue of the sector amounted to 456 million euro, up 11.7% from the 408 million euro of the first nine months of 2017. The increase was due for approximately 30 million euro to the expansion of the consolidation scope related to ACAM Ambiente and ReCos, to higher revenue from collection and intermediation of special waste, to higher energy revenue and to revenue related to an increase in the quantities of waste disposed of.

		First 9 months 2018	**First 9 months 2017 restated**	**Δ %**
Revenue	€/mln	456	408	11.7%
Gross Operating Profit (EBITDA)	€/mln	116	115	0.4%
EBITDA Margin		*25.4%*	*28.2%*	
Operating Profit (EBIT)	€/mln	61	61	0.0%
Investments	€/mln	18	13	37.5%
Electricity sold	GWh	375	384	-2.3%
Thermal energy produced	GWh_t	116	117	-0.8%
Waste managed	tonnes	*1,539,177*	1,294,847	18.9%
Emilia area separate waste collection	%	*73.5*	*69.3*	*6.2%*
Piedmont area separate waste collection	%	*47.1*	*46.2*	*1.9%*
Liguria area separate waste collection	%	*66.7*	-	*(*)*

Gross operating profit of the segment amounted to 116 million euro, substantially in line (+0.4%) with the corresponding period of 2017. The increase in the profit related to the higher quantities of waste disposed of and the higher energy revenue, as well as the positive contribution associated with management of the

REI landfill site, fully operational from April 2017, was almost completely absorbed by the absence of a number of positive extraordinary factors, linked to disposal tariffs, which had characterised the corresponding period in 2017 and by lower revenue from ancillary services in service of environmental hygiene.

The operating profit was 61 million euro, in line with the figure for the corresponding period in 2017.

Depreciation and amortisation in the period increased by more than 6 million euro, owing also to the consolidation of ACAM Ambiente, while provisions and impairment losses fell by approximately 4.5 euro million.

The investments made in the period amounted to 18 million euro, up (+37.5%) compared to the 13 million euro of the corresponding period in 2017 and refer to investments for the maintenance of various plants and investments in equipment and vehicles supporting waste collection based on the door-to-door and separation method.

Energy SBU

At 30 September 2018, the revenue of the Energy SBU totalled 920 million euro, up by 21.9% compared to the 755 million euro of the corresponding period in 2017. Starting from 1 January 2018 the figures of the Iren Rinnovabili Group are included in the economic results.

		First 9 months 2018	**First 9 months 2017**	**Δ %**
Revenue	€/mln	920	755	21.9%
Gross Operating Profit (EBITDA)	€/mln	256	178	43.8%
EBITDA Margin		*27.8%*	*23.5%*	
Operating Profit (EBIT)	€/mln	166	88	88.6%
Investments	€/mln	50	38	33.5%
Electricity produced	GWh	6,082	6,365	-4.5%
from hydroelectric and other renewable sources	*GWh*	1,207	950	27.0%
from cogeneration sources	*GWh*	4,032	4,336	-7.0%
from thermoelectric sources	*GWh*	843	1,079	-21.8%
Heat produced	GWh_t	1,725	1,761	-2.0%
from cogeneration sources	GWh_t	1,396	1,549	-9.9%
from non-cogeneration sources	GWh_t	329	212	55.4%
District heating volumes	Million m^3	88	85	2.6%

(*) Change of more than 100%

At 30 September 2018 electricity produced was 6,082 GWh, down (-4.5%) compared to 6,365 GWh in the corresponding period of 2017. The drop regarded mainly the thermoelectric segment as a result of the unfavourable energy scenario on the profitability of electricity generation.
Total thermoelectric production was 4,875 GWh, of which 4,032 GWh from cogeneration sources, down (-7%) compared to the 4,336 GWh of financial year 2017 and 843 GWh from thermoelectric sources in a strict sense, down (-21.8%) compared to the 1,079 GWh of the corresponding period in 2017.
Production from renewable sources was 1,207 GWh, of which 1,190 GWh hydroelectric and, marginally for approximately 17 GWh, from other renewables (photovoltaic), and overall up (+27%) compared to the 950 GWh of the corresponding period in 2017.
Heat production in the period was 1,725 GWht, down (-2%) compared to the 1,761 GWht of the previous financial year.

Overall district heating volumes amounted to approximately 88 million m³ up (+2.6%) compared to the approximately 85 million m³ of the corresponding period in 2017.

The gross operating profit (EBITDA) amounted to 256 million euro, up (+43.8%) compared to the 178 million euro of the corresponding period in 2017.
Financial year 2018 was characterised by a worsening of the energy situation compared to the corresponding period of 2017, due to an increase in the cost of gas, which was more than the increase in electricity prices, as well as a significant increase in the proportion of expenses for Emissions Trading System (ETS or also CO_2) certificates. However, despite the deterioration of the energy scenario, a great improvement was recorded overall thanks to an increase in profits from the despatching services market (DSM) and, mainly, to the contingent assets consequent to the valuation of energy efficiency certificates (EECs) assigned during the year and related to the period 2015-2017, as well to a significant increase in market prices. The said contingent assets amounted to approximately 59 million euro.
The consolidation of Iren Rinnovabili also contributed to the improvement in the profit.

The operating profit (EBIT) of the energy segment totalled 166 million euro compared to the 88 million euro of the corresponding period in 2017. As well as the positive trend of gross operating profit, the operating profit was characterised by higher depreciation and amortisation of approximately 3 million euro, deriving mainly from the consolidation of Iren Rinnovabili, offset by lower net provisions for more than 3 million euro.

Investments in the period amounted to 50 million euro, up (+33.5%) compared to the 38 million euro of 2017, of which 18 million euro related to district heating networks, 19 million euro to cogeneration, € 7 million to thermoelectric production and 4 million euro to hydroelectric production.

Market SBU

At 30 September 2018 the revenue of the segment amounted to 1,754 million euro, up +3.8% from the 1,689 million euro in the corresponding period of 2017. As of May 2017, the consolidation scope of the Market SBU includes, as mentioned, the company Salerno Energia Vendite (SEV), operating mainly in Grosseto and Salerno in the gas and electricity sale sector.

Gross operating profit (EBITDA) amounted to 83 million euro, down (-2.5%) from the 85 million euro of the corresponding period in 2017. The reduction in the margin is mainly attributable to gas sales (-7.5%) which were not able to rely on the favourable procurement conditions, in particular related to the use of storage, which had characterised the corresponding period in 2017, as well as the transfer of the heat management business to another segment following an organisational rationalisation of the group. This decline was partially offset by an improvement in sales of electricity and by the settlement of previous cost items.

The operating profit (EBIT) was 41 million euro, down 11.5% compared to the 47 million euro recorded in the first nine months of 2017. The negative trend in gross operating profit was amplified by higher depreciation and amortisation of around 3 million euro.

			First 9 months 2018	**First 9 months 2017 restated**	**Δ %**
Revenue		€/mln	1,754	1,689	3.8%
Gross Operating Profit (EBITDA)		€/mln	83	85	-2.5%
EBITDA Margin			*4.7%*	*5.0%*	
	from Electricity	*€/mln*	22	20	10.5%
	from Gas	*€/mln*	58	63	-7.5%
	from Other sales services	*€/mln*	3	2	23.6%
Operating Profit (EBIT)		€/mln	41	47	-11.5%
Investments			21	15	43.8%
Electricity Sold		GWh	6,333	6,920	-8.5%
Gas Purchased		Million m^3	2,041	2,084	-2.1%
	Gas sold by the Group	Million m^3	794	773	2.7%
	Gas for internal use	Million m^3	1,044	1,111	-6.0%
	Gas in storage	Million m^3	203	200	1.3%

(*) Change of more than 100%

Sale of electricity

The volumes of electricity sold amounted to 6,333 GWh (net of pumping, network leaks, dedicated withdrawals and including balancing) down by -8.5% compared to the 6,920 GWh of the corresponding period in 2017.
Volumes sold on the free market, including the segments of business and retail customers, and wholesalers, amounted to a total of 5,882 GWh, down -8.5% compared to the 6,431 GWh of the corresponding period in 2017. The decline in free-market sales is attributable to the wholesale segment, for which sales came to 1,183 GWh, down by -41% compared with 2,006 GWh in the first nine months of 2017. Final customer sales increased in both the business segment, coming out at 3,552 GWh compared with 3,283 GWh in the first nine months of 2017 (+8.2%), and the retail segment, 1,147 GWh compared with 1,142 GWh in the first nine months of 2017 (+0.5%).
Sales in the protected market amounted to 369 GWh, down by -10.4% compared to 412 GWh in the corresponding period of 2017.

The gross operating profit (EBITDA) of the sale of electricity amounted to 22 million euro, an improvement (+10.5%) compared to the 20 million euro in the corresponding period of 2017. Against a first margin down owing to the rising trend of electricity purchase prices, positive effects were recorded in relation to contingent assets associated with the settlement of previous items related to procurement.

Sale of Natural Gas

The volumes purchased amounted to 2,041 million m^3, down (-2.1%) compared to 2,084 million m^3 in the corresponding period of 2017.
The gas sold by the group amounted to 794 million m^3, up by +2.7% compared to the 773 million m^3 of the corresponding period in 2017, while internal consumption was 1,044 million m^3, down (-6%) compared to the 1,111 million m^3 of the first nine months of 2017.

The gross operating profit (EBITDA) of gas sales amounted to 58 million euro, down (-7.5%) compared to the 63 million euro recorded in the corresponding period of 2017. The worsening of the margin was due mainly to the absence of the favourable procurement conditions guaranteed by the use of storage that had characterised financial year 2017; to this were added lower profits and the expiry of recognition of a specific tariff component (Grad component) in September 2017. The tariff recoveries related to ARERA resolution 737/17 and the consolidation of Salerno Energia Vendite contributed to offsetting, although only partially, the combined effect of these negative components.

Sales of other services

The sale of heat and other services resulted in a gross operating profit (EBITDA) of 3 million euro, up by 23.6% compared to the 2 million euro in the corresponding period of 2017. The drop in the profit that characterised the early months of financial year 2018, owing mainly to the transfer of the heat management business to another group company following the intra-group reorganisation, was more than offset by the tariff recoveries related to ARERA resolution 737/17.

Investments in the period totalled 21 million euro, up compared to 15 million euro in the corresponding period of 2017.

Services and other

Revenue in the period of the segment, which comprises public lighting services, traffic lights, heating system and heat management and other activities, amounted to 60 million euro, down compared to 77 million euro in the corresponding period of 2017. The drop in revenue is related mainly to fewer activities associated with public lighting services and allocations of common assets.

		First 9 months 2018	First 9 months 2017	Δ %
Revenue	€/mln	60	77	-21.7%
Gross Operating Profit (EBITDA)	€/mln	6	2	(*)
EBITDA Margin		*9.7%*	*2.7%*	
Operating Profit (EBIT)	€/mln	6	1	(*)
Investments	€/mln	22	14	55.9%

(*) Change of more than 100%

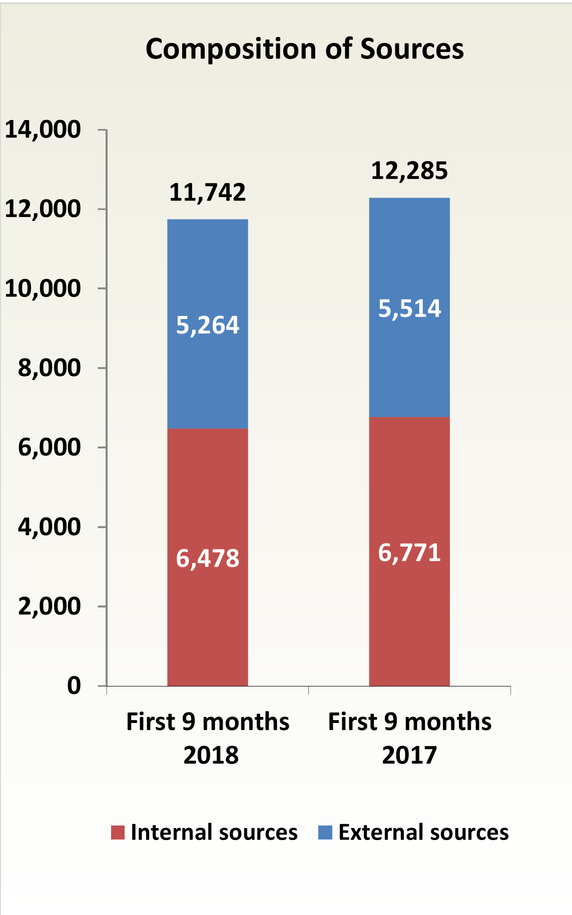
The gross operating profit (EBITDA) for the period amounted to 6 million euro, up compared to 2 million euro in the corresponding period of 2017.
The improvement in profit is attributable both to a reorganisation of the group's activities, which transferred the heat management activity to other services, while in 2017 it was presented as heat sold in the market area, and to contingent assets related to public lighting.

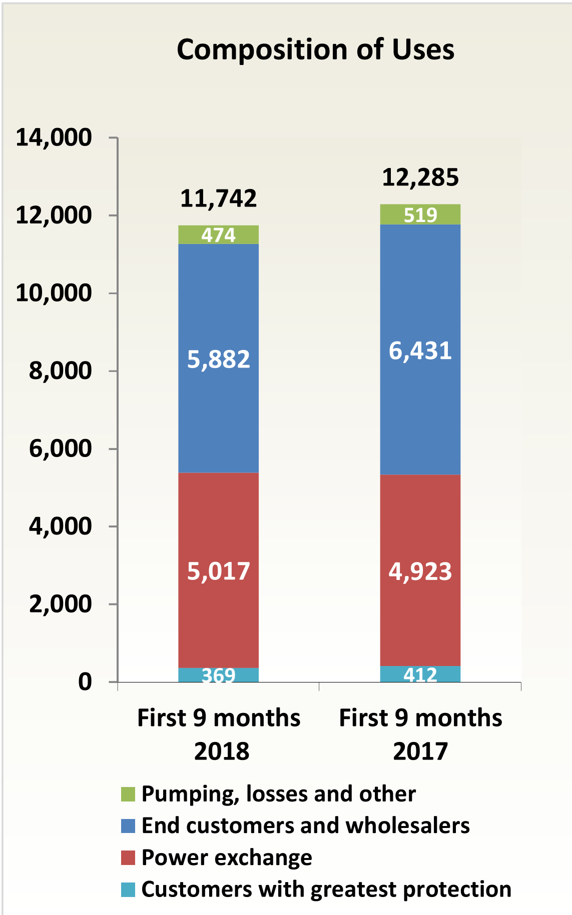
Investments in the period amounted to 22 million euro, up compared to 14 million euro in 2017, and related largely to information technology, vehicles and property services.

ENERGY BALANCES

Electricity balance sheet

GWh	First 9 months 2018	First 9 months 2017	Changes %
SOURCES			
The Group's gross production	6,478	6,771	(4.3)
a) Hydroelectric	*1,207*	950	27.1
b) Cogeneration	*4,032*	4,336	(7.0)
c) Thermoelectric	*843*	1,079	(21.9)
d) Production from WTE plants and landfills	*396*	406	(2.5)
Purchases from Acquirente Unico [Single Buyer]	407	435	(6.4)
Energy purchased on the Power Exchange	3,366	3,234	4.1
Energy purchased from wholesalers and imports	1,491	1,845	(19.2)
Total Sources	**11,742**	**12,285**	**(4.4)**
USES			
Sales to protected customers	369	412	(10.4)
Sales on the Power Exchange	5,017	4,923	1.9
Sales to final customers and wholesalers	5,882	6,431	(8.5)
Pumping, distribution losses and other	474	519	(8.7)
Total Uses	**11,742**	**12,285**	**(4.4)**

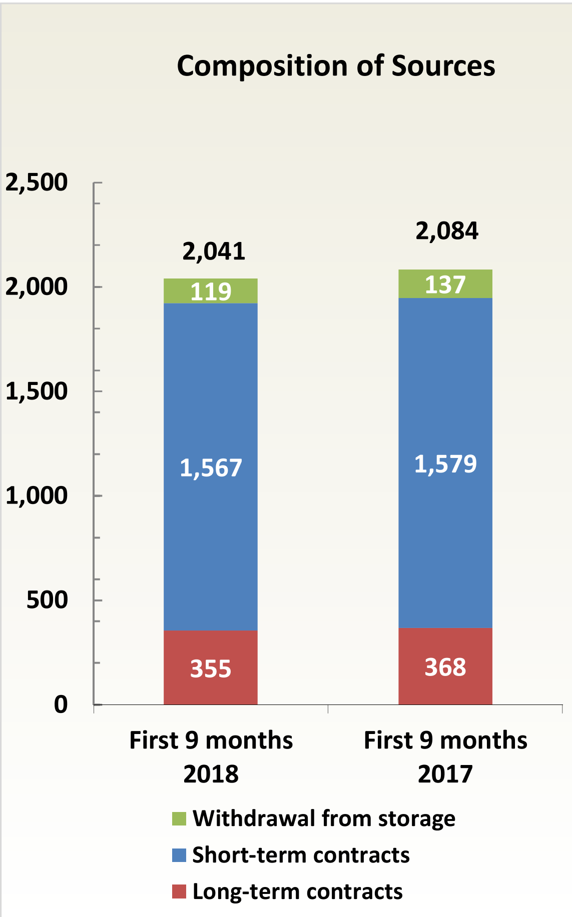


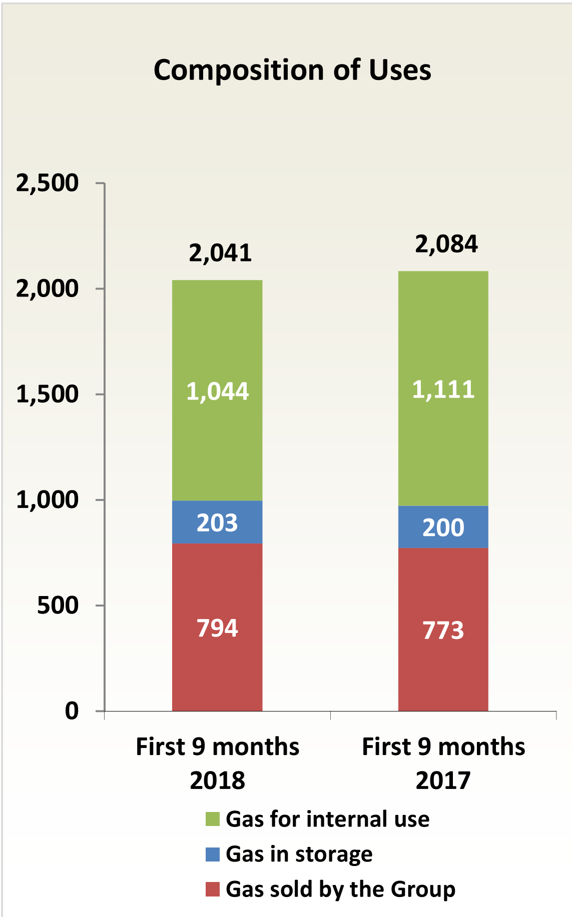


Gas balance sheet

Millions of m³	First 9 months 2018	First 9 months 2017	Changes %
SOURCES			
Long-term contracts	355	368	(3.5)
Short- and medium-term contracts	1,567	1,579	(0.8)
Withdrawals from storage	119	137	(13.1)
Total Sources	**2,041**	**2,084**	**(2.1)**
USES			
Gas sold by the Group	794	773	2.7
Gas for internal use [1]	1,044	1,111	(6.0)
Gas in storage	203	200	1.5
Total Uses	**2,041**	**2,084**	**(2.1)**

(1) Internal use involves thermoelectric plants and use for heat services and internal consumption





FINANCIAL MANAGEMENT

General framework

During the first nine months of 2018, the short-term part of the rate curve remained substantially stable, while the medium/long-term part saw a certain degree of volatility with upward pressures and subsequent stages of falling back. The last intervention by the European Central Bank was the cut in interest rates in March 2016. The current rate is 0%. Examining the trend in the six-month Euribor rate, we can note that the parameter, which has been in negative territory since November 2015, remained stable and is currently -0.26%. The quotations of fixed rates, reflected in the 5- and 10-year IRS figures, recorded various rising stages with subsequent realignment and at the moment are at the levels of the beginning of the year.

Activities performed

During the first nine months of 2018, activities aimed at consolidating the financial structure of the Iren Group continued. The development of funding needs is monitored through careful financial planning, which enables requirements for new financial resources to be anticipated, taking into account the repayments of outstanding loans, the development of debt, the investments, the trend in working capital and the balance of short-term and long-term sources.

The organisational model adopted by the Iren Group, with the goal of financial optimisation of all Group companies, provides for Iren's centralisation of treasury management, medium/long-term loans management and financial risk monitoring and management. Iren has relations with the leading Italian and international banks, for the purpose of locating the types of loans best suited to its needs, and the best market conditions.

Moving on to examine in more detail the loan operations carried out in the first nine months of 2018, as explained in the paragraph "Significant events of the period" we can note that in September 2018 the placing of a bond issue (of the Green Bond type), was completed with full success, for the fourth consecutive year, for a benchmark amount of 500 million euro as part of the 2 billion euro Euro Medium Term Notes (EMTN) Programme. The bonds, Fitch rating BBB, have a coupon of 1.95% and maturity 19 September 2025 (duration 7 years) and are listed on the regulated market of the Irish stock exchange, where the prospectus was filed, and on the ExtraMOT market of Borsa Italiana.

We can also note that the direct loans with the European Investment Bank (EIB), with a duration of up to 15 years, remaining unused and available still total 235 million euro. For the purpose of optimising the Group's financial structure and in connection with the aforementioned bond issue, the liability management activity continued in relation to existing debt positions; in this context bank loans for a total of 89 million were repaid in advance euro.

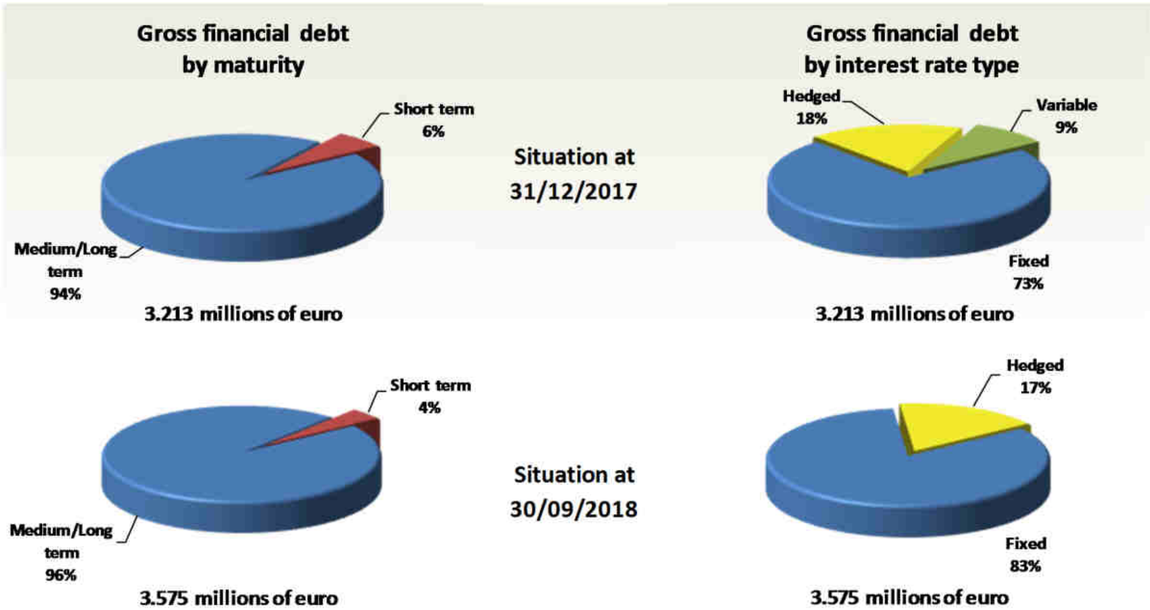
In the Group context loan positions for a total of 15 million euro of the ReCos, ACAM and Maira Companies were included in the consolidation scope, as well as the opening of a new position of 1 million euro of Studio Alfa, while with the aim of optimisation, positions of Iren Rinnovabili and its subsidiaries, ASM Vercelli and ACAM were settled early for a total of 30 million euro, including a derivative hedging position relating to a debt that has been repaid.

Financial debt at the end of the period is made up 30% of loans and 70% of bonds.

The Iren Group is exposed to various types of financial risks, including liquidity risk, interest rate risk, and currency risk. As part of its Risk Management activities, the Group uses non-speculative hedging contracts to limit risks of fluctuations in the interest rate. In the period, no new Interest Rate Swap contracts were entered into. At 30 September 2018, gross financial debt is entirely hedged against interest rate risk.

Overall, the activity carried out is aimed at refinancing debt with a view to improving the financial structure, structurally reducing the cost of capital and extending the average duration of financial debt.

The composition of gross financial debt by maturity and rate type, compared with the situation at 31 December 2017, is shown below.



Rating

In December 2017 the Fitch agency increased Iren's rating by a notch, taking it to BBB with stable outlook. Fitch also confirmed the BBB rating on the senior unsecured issues. The reasons that led to the improvement of the rating, already "Investment Grade", are, among others, the structural growth of the Group's profitability, the achievement, over the last few years, of significant synergies with better results than the market expectations, the full integration of a number of medium-sized companies, the reduction of the cost of the debt together with early achievement of the financial flexibility target.

In support of the liquidity risk indicators, in addition to the available lines of funding with the EIB detailed above, which have still not been used and offer a total of 235 million euro, committed credit lines were formalised, amounting to 70 million euro at the end of the period.

SIGNIFICANT SUBSEQUENT EVENTS

Contract for the acquisition of the San Germano Group
On 17 October 2018, Iren Ambiente signed with the Derichebourg Group a contract for the acquisition of the entire equity interest of the company San Germano S.r.l. and of its subsidiary CMT S.p.A..
San Germano is based in Pianezza (Turin) and operates in waste collection and transport (250 kton/year) and road cleaning in 145 municipalities for approximately one million inhabitants served in the regions Piedmont, Sardinia, Lombardy and Emilia Romagna, with an annual turnover of approximately 65 million euro. The company has 20 operating sites and a workforce of more than 800 employees.
CMT operates in separated waste collection and paper, cardboard and plastic recycling, with turnover of approximately 11 million euro, through 6 sites in Piedmont and Sardinia, among which Pianezza and La Loggia, for an authorised capacity of approximately 100 Kton/year.
The completion of the transaction has already received approval from the Italian Antitrust Authority and is subject to a number of conditions precedent, which will be verified during November 2018, related essentially to the complete operational reinstatement of the Pianezza and La Loggia plants and reactivation of the related authorisations.
The transaction is part of a process of development of Iren through the Waste Management Business Unit, facilitating its achievement of industrial growth objectives thanks to the acquisition of greater competitive abilities in the collection activity and to the development of recycling activities, both expanding the presence in the core territories (Piedmont and Emilia Romagna) and extending the business into new geographical areas considered of prospective interest (Sardinia).

Acquisition of 48.85% of SETA, a public operator in the northern Turin area
On the same date, Iren Ambiente also completed the transaction to acquire from SMC Smaltimenti Controllati (Waste Italia Group) a business unit made up of the 48.85% equity interest in the share capital of Società Ecologica Territorio Ambiente (SETA) S.p.A. and of the activities of closure and post-closure management of the Chivasso 0 landfill site.
SETA is the concessionaire of the integrated municipal waste collection service in the contest of Catchment Area 16 (Province of Turin) with 228 thousand inhabitants served in more than thirty municipalities in the area to the north of Turin. The company is 51.15% controlled by a number of Municipalities that are members of the Catchment Area 16 Consortium, both directly for 32.37% and indirectly through the Consortium itself which holds 18.78%.
The transaction was finalised at the end of a process that involved Iren Ambiente expressing its interest in acquiring the business unit in the context of a prior arrangement procedure requested by SMC and launched at the Court of Milan in July 2018. The purchase price of the unit was 2.9 million euro.
SETA has a workforce of more than 230 employees and achieved in 2017 revenue of 36.3 million euro, with an annual total of waste collected of approximately 90 Kton.
The entry into the company’s capital will make it possible to achieve significant synergies with the other Group companies, TRM and AMIAT, which operate in the territory of the Turin metropolitan area.

Iren S.p.A.
Via Nubi di Magellano, 30 - 42123 Reggio Emilia - Italy
Share Capital, fully paid up 1,300,931,377.00 euro
Companies' Register of Reggio Emilia No. 07129470014
Tax ID Code and VAT no. 07129470014

Consolidated Financial Statements

at 30 September **2018**

BASIS OF PREPARATION

CONTENT AND STRUCTURE

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, as well as with the provisions set forth in implementation of art. 9 of Italian Legislative Decree no. 38/2005. The "IFRSs" also include all the revised international accounting standards ("IASs/IFRSs") and all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRC"), previously known as the Standing Interpretations Committee ("SIC").
In drawing up these consolidated financial statements, the same accounting standards were applied as those adopted for the previous year's statements, to which you are referred for a more ample discussion, with the exception of the following standards, applicable from 1 January 2018.

IFRS 15 – Revenue from Contracts with Customers. This standard, adopted by the European Union on 22 September 2016 and subsequently amended with EU Regulation 1987/2017 of 31 October 2017, applies to all contracts with customers, with the exception of leasing contracts, insurance contracts and financial instruments.
IFRS 15 defines a model for recognising revenue based on 5 steps:

i. identify the contract with the customer. By contract is meant a commercial agreement approved by two or more parties that creates enforceable rights and obligations. The standard contains specific rules for assessing whether two or more contracts must be combined together and for identifying the accounting implications of a contractual amendment;
ii. identify the "Performance Obligations" contained in the contract;
iii. determine the "Transaction Price". In order to determine the transaction price it is necessary to consider, among other things, the following elements: a) any amounts collected on behalf of third parties, which must be excluded from the price; b) variable components of the price (such as performance bonuses, penalties, discounts, refunds, incentives, etc.); c) financial component, if the payment terms grant the customer a significant extension;
iv. allocate the price to the Performance Obligations on the basis of the "Relative Stand Alone Selling Price";
v. recognise revenue when the Performance Obligation is satisfied. The asset or service is transferred when the customer obtains control over the asset or service and that is when it has the ability to decide and/or direct its use and obtain substantially all its benefits. The principle expressed by IAS 18, for which the revenue must be recognised looking at the benefits obtainable from the asset and assessing the probability of collecting the related receivable, is replaced. Control may be transferred at a certain moment (*point in time*) or in a period of time (*over time*).

The standard obligatorily requires retroactive application, but the transition can take place using two different methods: retroactively at each previous financial year presented according to IAS 8 (full retrospective approach) or retroactively by recognising the cumulative effect from the date of initial application (modified retrospective approach) in the opening Shareholders' Equity at 1 January 2018 (IFRS 15, para. C3 b). If the second approach is chosen, IFRS 15 is only applied retrospectively to contracts that have not been concluded at the initial application date (1 January 2018). The Iren group has chosen to apply IFRS 15 using the second approach.

In application of the aforementioned principle, it has emerged that there is a need to implement a different accounting treatment for connection contributions invoiced by companies performing the distribution service, by way of reimbursement of the costs incurred for the connection/installation of the meter. The relative revenue cannot be considered part of the fee for the distribution service, since control of the asset is not transferred, pursuant to IFRS 15, and so they must be deferred and released along the life of the relevant asset in line with what is envisaged for tariff purposes.
The cumulative effect as at 1 January 2018 represented an increase in the Other payables and other non-current/current liabilities item for 186,571 thousand euro related to Deferrals for connection contributions which, net of the corresponding deferred tax Assets equal to 52,613 thousand euro, brought about a reduction of the opening balance of Retained earnings for 133,958 thousand euro.

The new accounting treatment brought about a reduction in the Other income item, at the economic level, of 1,141 thousand euro which, net of the related tax effect, generated lower Profit for the period, equal to 819 thousand euro.
As regards the application of the standard to other types of contract/contractual circumstances in place with customers, the checks carried out have not shown impacts; in relation to relationships with customers, specific procedures have been implemented in order to correctly report revenue from contracts starting from 1 January 2018 and identify any critical aspects in future commercial bids in good time.

IFRS 9 – Financial Instruments. The new standard was approved on 22 November 2016 with EU Regulation no. 2067/2016. In brief the rules of IFRS 9 regard:

I. the criteria for classification and measurement of financial assets and liabilities. As regards financial assets, the new standard uses a single approach based on management models of financial instruments and characteristics of contractual cash flows of financial assets, with the aim of determining the measurement criteria, replacing the various rules set forth in IAS 39. In particular, the standard provides for the following three categories for the classification of financial assets: a) financial assets carried at amortised cost; b) financial assets carried at fair value through other comprehensive income (FVOCI); c) financial assets carried at fair value through profit or loss (FVTPL). Therefore, the categories of "loans and receivables", financial assets held for sale and financial assets "held to maturity" disappear. Classification within the aforementioned categories takes place on the basis of the company's business model and in relation to the characteristics of the cash flows generated by the same assets: a) a financial asset is valued at amortised cost if the company's business model provides for the financial asset being held to collect the relative cash flows (and therefore not to make a profit from the sale of the instrument too) and the characteristics of the cash flows from the asset only correspond to the payment of capital and interest; b) a financial asset is measured at Fair Value through Other Comprehensive Income if it is held in order to both collect the contractual cash flows and be sold (Hold to Collect and Sell model); c) finally, if it is a financial asset held to be traded and therefore does not fall within the cases outlined in the previous points a) and b), it must be recognised at fair value through profit or loss. The rules on accounting for embedded derivatives have been simplified: it is no longer required to recognise the embedded derivative and the financial asset that "hosts" it separately.
   All instruments representing equity that fall within the scope of application of the standard - both listed and non-listed - must be valued at the fair value reported in the income statement (FVTPL – fair value through profit or loss). In fact, IAS 39 established that, if the fair value cannot be determined reliably, non-listed financial instruments representing equity are measured at cost. The company has the option of presenting changes to the fair value of instruments representing shareholders' equity that are not held for trading, for which that option is prohibited, in Equity (FVOCI – fair value through other comprehensive income). This designation is admitted at the time of the initial recognition, it can be adopted per individual security, and is irrevocable. If this option is used, the variations in the fair value of such instruments should never be reserved in the Income Statement. Dividends, however, continue to be reported in the Income Statement.
   IFRS 9 does not permit reclassification between categories of financial assets except in the rare cases in which the company's business model changes. In this case, the effects of the reclassification are applied on a prospective basis.
   As regards financial liabilities, the main amendment relates to accounting for fair value changes of a financial liability designated as carried at fair value through profit or loss, if these are due to a change in the creditworthiness of the liability itself. According to the new standard, these changes must be recognised under other comprehensive income;

II. impairment of financial assets. The standard replaces the current "incurred loss" model introducing a new impairment model based on *expected losses*, where "loss" means the present value of all future lost revenue, opportunely integrated to take into account future expectations ("forward-looking information").

In accordance with the general approach applicable to all financial assets , the expected loss is a function of the probability of default (**PD**), of the loss given default (**LGD**) and of the exposure at default (**EAD**): the PD represents the probability that an asset will not be repaid and will go into default; the LGD represents the amount expected to be non-recoverable if the default event occurs; the EAD represents the receivable exposure claimed against the counterparty, including any guarantees, collateral, etc.. The estimate must be made initially on the expected losses in the next 12 months; in consideration of any gradual deterioration of the receivable the estimate must be adequate to cover the expected losses along the whole life of the receivable. As regards trade receivables IFRS 9 makes it obligatory for provisions for impairment of receivables to be determined applying the simplified method and, more specifically, the provision matrix model, which is based on identifying default rates for past-due bands observed on a historical basis, applied for the entire expected life of the receivable and updated on the basis of significant future scenario elements;

III. hedging operations (hedge accounting). IFRS 9 introduces a number of significant changes that mainly regard the effectiveness test, as the 80-125% threshold is abolished and replaced by an objective test that verifies the economic relationship between the hedged instrument and the hedging instrument, accounting only for the cost of the hedge, and extending the hedged elements and the disclosure required.

With reference to point I), there are no significant impacts on the balance deriving from the application of the requirements for the classification and valuation of financial assets provided for by IFRS 9. The Group has analysed the characteristics of the contractual cash flows from loans and receivables, considering them to meet the requirements for valuation at amortised cost. As regards Other equity investments, these are minority shareholdings in unlisted companies, hitherto classified as Available for sale and valued at fair value with a counter-entry in Other comprehensive income pursuant to IAS 39, which the group intends to keep in the portfolio for the near future: as of 1 January 2018, in accordance with IFRS 9, those shareholdings will be valued at fair value in the income statement (FVTPL).
As regards point II), provisions for impairment of receivables in relation to trade receivables have been recalculated by applying the simplified method provided for in IFRS 9. The application of the new standard is retroactive, so the Group has restated provisions for impairment of receivables at 31 December 2017 using the new methodology. Due to the new estimation, the Trade Receivables item decreased by 5,308 thousand euro which, net of the corresponding Deferred tax assets equal to 1,274 thousand euro, brought about a reduction of the opening balance of Retained earnings for 4,034 thousand euro at 1 January 2018.

In addition financial receivables from associates, joint ventures and others were analysed in order to identify any impairment problems. The studies carried out, with particular reference to creditworthiness and to the probability of default, did not show the need to recognise any further impairment.

Finally, in relation to point III) the Group chose to apply IFRS 9 starting from 1 January 2018 although the standard allows for the possibility of continuing to apply the Hedge Accounting rules provided for in IAS 39 until the standard IFRS 9 is updated with the rules on Macro Hedging. Existing hedging relationships that meet the definition of effective hedges in accordance with IAS 39 are not impacted by the new hedge accounting criteria of IFRS9.

Amendment to IAS 40 - Investment Property. The amendment, endorsed with Regulation (EU) 400/2018, entails a clarification on the application of paragraph 57 of IAS 40 providing guidelines on changes that can lead to classifying an asset which was not an investment property as such or vice versa. The amendment clarifies that a change in the management’s intentions for the use of a property by itself does not constitute evidence of a change in use.

Finally we can note that on 29 March 2018 the IASB published the revised version of *Conceptual Framework for Financial Reporting*. The main changes with respect to the 2010 version regard:
- better definitions and guidance, in particular with reference to the definition of assets and liabilities;

- revision of the criteria for recognising assets and liabilities, and the related costs and revenues, that is the significance of the information and the faithful representation in the financial statements of the underlying transaction. The concepts of “probability” and “reliability in measurement” are eliminated;
- the reintroduction of important concepts, such as stewardship, that is to say the management’s ability to manage the company’s resources effectively and efficiently, prevalence of substance over form and prudence, above all when there is uncertainty in measurements. The new Framework states that estimates are part of financial statements and that high uncertainty in measurements does not imply that estimates cannot provide significant information;
- a new chapter on the subject of measurement which describes the possible measurement criteria, that is historical cost or present value: the present value can be determined as fair value, value in use or replacement cost. For each asset and liability the company must choose the measurement criterion that makes it possible to provide significant information capable of representing faithfully the substance of the operation. In addition the information provided must be comparable, verifiable, precise and understandable.

Since it is a conceptual framework of reference, but not a directly applicable document, the Framework is not subject to the process of endorsement by the European Union and is effective starting from the date of issue.

The financial statement formats adopted by the Iren Group in preparing these financial statements are the same as those applied in preparing the financial statements at 31 December 2017, with the exception of the income statement to which has been added the item “Provisions set aside for impairment of receivables”.
In line with what was previously published, in the statement of financial position, assets and liabilities are classified as “current/non-current”. Assets and liabilities classified as discontinued or held for sale are shown separately. Current assets, which include cash and cash equivalents, are those that will be realised, transferred or consumed during the Group’s ordinary operating cycle or during the twelve months following the end of the period. Current liabilities are those for which settlement is envisaged during the Group’s ordinary operating cycle or during the twelve months following the end of the period.
The Income Statement is classified on the basis of the nature of the costs. In addition to the Operating Profit (EBIT), the Income Statement also shows the Gross Operating Profit (EBITDA) obtained by deducting total operating expense from total revenue.
The indirect method is used in the cash flow statement. The cash configuration analysed in the cash flow statement includes cash on hand and cash in bank current accounts.

The financial statements have been drawn up on the basis of the historical cost principle, except for certain financial instruments measured at fair value.

The preparation of the consolidated reports has required the use of estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities. The later results that derive from occurrence of events could differ from these estimates.
It should also be noted that certain valuation processes, particularly the more complex ones, such as the determination of any impairment losses on non-current assets, are generally carried out in full only on preparing the annual financial statements, when all the information that may be needed is available, except in cases when there is evidence of *impairment* that requires an immediate measurement of any losses. In the same way, the actuarial valuations necessary to determine employee benefit funds are normally carried out on the occasion of preparing the annual financial statements.
It should also be remembered that these statements are not subject to independent auditing.

ALTERNATIVE PERFORMANCE INDICATORS

The Iren Group uses alternative performance indicators (APIs) in order to convey more effectively the information on the profitability performance of the businesses in which it operates, and on its financial and capital situation. These indicators are different from the financial indicators explicitly required by the IAS/IFRS international accounting standards adopted by the Group.
On the subject of these measures, CONSOB issued Communication no. 92543/15 which makes applicable the Guidelines issued by the European Securities and Markets Authority (ESMA) on their presentation in the regulated information distributed or in prospectuses published. These Guidelines are aimed at promoting the usefulness and transparency of the alternative performance indicators included in

regulated information or prospectuses that fall within the scope of application of Directive 2003/71/EC, in order to improve their comparability, reliability and comprehensibility.

In line with the aforementioned communications, the criteria used to construct these indicators presented in the present financial report are provided below.

Net invested capital: determined by the algebraic sum of Non-current assets, Other non-current assets (liabilities), Net working capital, Deferred tax assets (liabilities), Provisions for risks and employee benefits and Assets (Liabilities) held for sale. For further details on the construction of the single items that make up the indicator please see the statement of reconciliation of the reclassified balance sheet with the accounting statement presented in the annexes to the consolidated financial statements.
This API is used by the Group in the context of documents both internal to the Group and external and is a useful measure for the purpose of measuring total net assets, both current and non-current, also through comparison between the period with which the report is concerned and previous periods or financial years. This indicator also makes it possible to carry out analyses on operating performance and to measure performance in terms of operating efficiency over time.

Net financial debt: determined by the sum of Non-current financial liabilities net of Non-current financial assets and Current financial liabilities net of Current financial assets and of Cash and cash equivalents.
This API is used by the Group in the context of documents both internal and external to the Group and is a useful measure of the Group's financial structure, also through comparison between the period with which the report is concerned and previous periods or financial years.

Gross operating profit (EBITDA): determined subtracting total operating expenses from total revenue.
This API is used by the Group in the context of documents both internal to the Group and external and is a useful instrument for assessing the Group's operating performance (both as a whole and at the level of single Business Units), also through comparison between the operating results of the period with which the report is concerned and those of previous periods or financial years. This indicator also makes it possible to carry out analyses on operating performance and to measure performance in terms of operating efficiency over time.

Operating profit (EBIT): determined subtracting from Gross Operating Profit (EBITDA) depreciation, amortisation, provisions and operating impairment losses.

Operating cash flow: determined starting from net profit /(loss) for the period, adjusted for financial income and expenses and for non-monetary items (depreciation and amortisation, provisions, impairment losses…), to which are added the changes of Net working capital, utilisations of provisions and employee benefits and other operating changes.
This API is used by the Group in the context of documents both internal to the Group and external and measures the cash generation capacity of the group's operating activities and therefore its self-financing capacity.

Free cash flow: determined adding to the operating cash flow the financial resources used or provided by investing activities represented by investments in property, plant and equipment, intangible and financial assets, disposals, changes in the consolidation scope and dividends received.

Investments: determined by the sum of investments in property, plant and equipment, intangible assets and financial assets (equity investments) and presented gross of capital grants.
This API is used by the Group in the context of documents both internal to the Group and external and is a measure of the financial resources absorbed in purchases of durable goods in the period.

Gross operating profit over revenue: determined making a proportion, in percentage terms, between gross operating profit and value of revenue.

This API is used by the Group in the context of documents both internal to the Group and external and is a useful instrument for assessing the Group's operating performance (both as a whole and at the level of single Business Units), also through comparison with previous periods or financial years.

Net financial debt over equity: determined as the ratio between net financial debt and equity including non-controlling interests.
This API is used by the Group in the context of documents both internal to the Group and external and is a useful instrument for assessing the financial structure in terms of relative proportion of financing sources between third-party funds and own funds.

SEASONALITY

We can also note that the Iren Group's results for the period reflect the seasonality characteristic of the sectors in which it operates. These are influenced above all by the weather trends, and consequently cannot be extrapolated for the entire year.

RESTATEMENT OF AMOUNTS AT 30 SEPTEMBER 2017

In December 2016 the Group acquired control over Ricupero Ecologici Industriali (REI), while in May 2017 it acquired control over Salerno Energia Vendite.
For these acquisitions, the fair value of the identifiable assets acquired and the identifiable liabilities assumed was recognised in the Consolidated Quarterly Report at 30 September 2017 in a provisional manner, as permitted by IFRS 3. The definitive fair value of these assets and liabilities was determined, with effect starting from the acquisition date, at the end of financial year 2017, with completion of all the measurements required by the standard and reflecting the best knowledge gained in the meantime.
To take account of the above, with a view to comparison, the economic balances and presentation of the cash flows for the first nine months of 2017 were restated, and shown as a comparative period.

In detail, the changes that occurred in the fair values of the identifiable assets acquired and the identifiable liabilities assumed previously recognised determined on the income statement for the first nine months of 2017 the following adjustments:

in thousands of euro

	First nine months 2017 Published	**Effect of IFRS3 accounting**	**First nine months 2017 Redetermined**
Depreciation and amortisation	(233,528)	(1,715)	(235,243)
OPERATING PROFIT (EBIT)	**340,649**	**(1,715)**	**338,934**
Financial income	24,887	354	25,241
Value adjustments on equity investments	8,572	7	8,579
Profit (loss) before tax	**293,860**	**(1,354)**	**292,506**
Income tax expense	(92,633)	382	(92,251)
Net profit (loss) for the period	**201,227**	**(972)**	**200,255**
attributable to:			
- Profit (loss) for the period attributable to shareholders	179,546	(862)	178,684
- Profit (loss) for the period attributable to minorities	21,681	(110)	21,571

In detail, the changes that occurred in the fair values of the identifiable assets acquired and the identifiable liabilities assumed previously recognised determined on the presentation of cash flows for the first nine months of 2017 the following adjustments:

in thousands of euro

	First nine months 2017 Published	Effect of IFRS3 accounting	First nine months 2017 Redetermined
Profit (loss) for the period	201,227	(972)	200,255
Adjustments:			
Income tax expense for the period	92,633	(382)	92,251
Share of profit (loss) of associates and joint ventures	(13,022)	(7)	(13,029)
Net financial expense (income)	59,811	(354)	59,457
Amortisation of intangible assets and depreciation of property, plant and equipment	233,528	1,715	235,243
Operating cash flow	**439,623**	**-**	**439,623**
Cash flows for the period	**(134,075)**	**-**	**(134,075)**

CONSOLIDATION POLICIES

The consolidation scope includes subsidiaries, joint ventures and associates.

Subsidiaries
Entities controlled by the Group are considered subsidiaries, as defined by IFRS 10 - *Consolidated Financial Statements.* Control exists when the Parent Company has at the same time:

- decision-making power over the investee, that is the power to direct the relevant activities of the investee, that is activities that have a significant influence on the results of the said investee;
- the right to variable (positive or negative) returns from its involvement with the entity;
- the ability to use its decision-making power to determine the amount of the returns coming from its involvement with the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
Equity and portion of profit/loss attributable to minorities are identified separately in the consolidated statement of financial position and income statement.
Subsidiaries are consolidated on a line-by-line basis intra-group balances, transactions, unrealised income and expenses are eliminated in full.
We can note also that: a) all changes in the equity interest that do not constitute a loss of control are treated as *equity transactions* and therefore have a contra entry in equity; b) when a parent company transfers control to one of its investees, but continues all the same to hold an interest in the company, it measures the equity investment retained in the financial statements at *fair value* and recognises any gains or losses deriving from loss of control in the income statement.

Joint ventures
These are companies over whose activity the Group has joint control, in virtue of contractual agreements. Joint control, as defined by IFRS 11 – *Joint Arrangements, is the "contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control".*
With reference to entities jointly owned by mixed public and private ventures, given the objective possibility for the public shareholder to influence the company not only by means of *governance* agreements, but also because of its nature of public entity, the existence of joint control is judged on the basis of contractual agreements, assessing the actual possibility for the private partner to jointly control strategic decisions regarding the joint venture.

Joint arrangements are divided into 2 types:

- a Joint Venture (JV) is an arrangement whereby the parties have rights to the net assets of the arrangement. Joint ventures are measured using the equity method;
- a Joint Operation (JO) is an arrangement whereby the parties are not limited exclusively to participating in the company's net profit or loss, but have rights to its assets and obligations for its liabilities. In this case the assets/revenues on which the joint operator exercises such rights and the liabilities/costs of which the joint operator assumes the obligations are fully consolidated.

Associates (accounted for using the equity method)

An associate is a company over which the Group has significant influence, but not control or joint control over its financial and operating policies. The consolidated financial statements include the Group's share of the associates' profit or loss recognised using the equity method from the date that significant influence commences until the date that significant influence ceases. If the Group's share of losses of an associate equals or exceeds the carrying amount of its interest in the associate, the carrying amount is reduced to nil and recognition of further losses is not detected, except to the extent that the Group is obliged to respond.

Transactions eliminated on consolidation

Intra-group balances and significant transactions and any unrealised gains and losses arising from intra-group transactions are all eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. The related tax effect is calculated for all consolidation adjustments.

CONSOLIDATION SCOPE

The consolidation scope includes the companies directly or indirectly controlled by the Parent Company, plus joint ventures and associates.

During the first nine months of 2018, a merger took place which saw the subsidiaries TRM V. S.p.A. and TRM Holding S.p.A. incorporated into Iren Ambiente S.p.A. Although it had an effect on the structure of the Group, these operations did not entail a change in consolidation scope. These operations occurred as part of the Group's "overall" Corporate Rationalisation and Organisational Project, aimed at simplifying the equity investment structure and reducing the number of Companies wholly held, directly or indirectly, by the Parent Company and at integrating/optimising the business processes/activities with uniform operating characteristics.

Parent Company:
Iren S.p.A.

Companies consolidated on a line-by-line basis
The four companies responsible for the single business lines and their direct and indirect subsidiaries, and the company ACAM S.p.A. and its direct subsidiaries, are consolidated on a line-by-line basis

1) Iren Ambiente and its subsidiaries:
    - Amiat V and the subsidiary:
        - AMIAT
    - Bonifica Autocisterne
    - Iren Rinnovabili and the subsidiaries:
        - Greensource and the subsidiaries:
            - Enia Solaris
            - Varsi Fotovoltaico
        - Studio Alfa and the subsidiary
            - Coin Consultech
        - Centrogas Energia
    - Montequerce
    - Ricupero Ecologici Industriali
    - TRM

2) Iren Energia and its subsidiary:
    - Maira and its subsidiary:
        - Formaira

3) Iren Mercato and its subsidiaries:
    - Salerno Energia Vendite
    - Spezia Energy Trading

4) IRETI and its subsidiaries:
    - ASM Vercelli and the subsidiary:
        - ATENA Trading
    - Consorzio GPO
    - Iren Laboratori
    - Iren Acqua and the subsidiaries:
        - Iren Acqua Tigullio
        - Immobiliare delle Fabbriche

5) ACAM and its subsidiaries:
    - ACAM Acque
    - ACAM Ambiente

- InTeGra
- ReCos(*)

(*) Company controlled by the Group through ACAM S.p.A. (49%) and Iren Ambiente S.p.A. (46%)

CHANGES IN FULL CONSOLIDATION SCOPE

The full consolidation scope changed during the period following the acquisition of control over the ACAM Group and over ReCos S.p.A., which both occurred in April, and over Spezia Energy Trading and Maira in September.

Control over ACAM S.p.A. and its 100% subsidiaries ACAM Acque, ACAM Ambiente, InTeGra and Centrogas Energia (this last transferred to Iren Rinnovabili at the end of the period) was acquired by Iren S.p.A. purchasing all the company's shares for a price of 59,000 thousand euro.
The acquisition of control over ReCos , in virtue of existing shareholders' agreements, occurred instead through acquisition of 20.5% of the share capital from the other shareholder Ladurner s.r.l. for a price of 1,000 thousand euro. Following the operation described above, together with the equity interest held previously (25.5% by Iren Ambiente and 49% obtained by acquisition of the ACAM Group),the Iren Group holds 95% of the company's capital.
Recos, measured at equity up to 31 March 2018, consequently came into the full consolidation scope starting from April. In line with the provisions of IFRS 3, the acquisition of control over the company entailed the remeasurement of the previous interest held (74.5% for a total value of 2,950 thousand euro), with the consequent recognition of income of 684 thousand euro booked to the item "Value adjustments on equity investments".
While awaiting the assessment to be carried out under the terms of IFRS 3 - Business Combinations, the positive difference calculated on a provisional basis between the purchase price of the ACAM Group and of ReCos and the provisional fair value, at the acquisition date, of the identifiable assets acquired and the identifiable liabilities assumed, was allocated to goodwill respectively for 22,755 thousand euro and 8,883 thousand euro.

At the beginning of September Iren Mercato acquired all the shares of Spezia Energy Trading S.r.l., a company operating in the sector of the sale of electricity and gas, for a price, subject to adjustment, of 4,500 thousand euro. Again as regards what is permitted by IFRS 3, the positive difference between acquisition cost and provisional fair value, at the acquisition date, of the identifiable assets acquired and the identifiable liabilities assumed was recognised as goodwill of 2,337 thousand euro.

Finally, at the end of September, the acquisition of control, by Iren Energia, over Maira S.p.A. - and, consequently, of its full subsidiary Formaira S.r.l. - was completed. Maira is a company operating in the construction and management of hydroelectric plants located in Piedmont. The operation, carried out by purchasing shares from other shareholders and subscribing a share capital increase, for a total price of 5,355 thousand euro, entailed, while awaiting final definition of the fair value of the net assets acquired, recognition as goodwill of a positive difference of 224 thousand euro.

For details of the subsidiaries, joint ventures and associates please see the lists contained at the end of this document.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

thousands of euro

	30.09.2018	31.12.2017
ASSETS		
Property, plant and equipment	3,453,232	3,449,344
Investment property	12,877	13,137
Intangible assets with a finite useful life	1,928,150	1,653,977
Goodwill	161,518	127,320
Investments accounted for using the equity method	157,069	161,255
Other equity investments	7,223	7,126
Non-current trade receivables	67,196	69,801
Non-current financial assets	130,356	165,767
Other non-current assets	44,729	44,614
Deferred tax assets	332,280	277,771
Total non-current assets	**6,294,630**	**5,970,112**
Inventories	93,486	61,984
Trade receivables	801,705	895,788
Current tax assets	10,729	7,365
Other receivables and other current assets	286,207	276,347
Current financial assets	524,189	506,382
Cash and cash equivalents	525,691	169,086
Total current assets	**2,242,007**	**1,916,952**
Assets held for sale	524	8,724
TOTAL ASSETS	**8,537,161**	**7,895,788**

thousands of euro

	30.09.2018	31.12.2017
EQUITY		
Equity attributable to shareholders		
Share capital	1,300,931	1,276,226
Reserves and retained earnings (losses)	651,234	608,184
Net profit (loss) for the period	236,493	237,720
Total equity attributable to shareholders	**2,188,658**	**2,122,130**
Equity attributable to minorities	373,304	376,673
TOTAL EQUITY	**2,561,962**	**2,498,803**
LIABILITIES		
Non-current financial liabilities	3,287,345	3,023,888
Employee benefits	119,483	116,483
Provisions for risks and charges	437,019	430,133
Deferred tax liabilities	208,087	213,760
Other payables and other non-current liabilities	465,105	222,595
Total non-current liabilities	**4,517,039**	**4,006,859**
Current financial liabilities	287,774	189,132
Trade payables	735,472	827,477
Other payables and other current liabilities	290,613	269,720
Current tax liabilities	67,221	15,295
Provisions for risks and charges - current portion	77,080	88,502
Total current liabilities	**1,458,160**	**1,390,126**
Liabilities related to assets held for sale	-	-
TOTAL LIABILITIES	**5,975,199**	**5,396,985**
TOTAL EQUITY AND LIABILITIES	**8,537,161**	**7,895,788**

CONSOLIDATED INCOME STATEMENT

thousands of euro

	First nine months 2018	First nine months 2017 Restated (*)
Revenue		
Revenue from goods and services	2,611,335	2,428,060
Change in work in progress	1	(4,562)
Other income	212,723	190,903
Total revenue	**2,824,059**	**2,614,401**
Operating expenses		
Raw materials, consumables, supplies and goods	(924,150)	(841,203)
Services and use of third-party assets	(887,046)	(837,230)
Other operating expenses	(39,303)	(62,819)
Capitalised expenses for internal work	23,394	19,649
Personnel expense	(290,825)	(270,639)
Total operating expenses	**(2,117,930)**	**(1,992,242)**
GROSS OPERATING PROFIT (EBITDA)	**706,129**	**622,159**
Depreciation, amortisation, provisions and impairment losses		
Depreciation and amortisation	(257,883)	(235,243)
Provisions for impairment of receivables	(34,275)	(37,882)
Other provisions and impairment losses	(3,339)	(10,100)
Total depreciation, amortisation, provisions and impairment losses	**(295,497)**	**(283,225)**
OPERATING PROFIT (EBIT)	**410,632**	**338,934**
Financial income and expense		
Financial income	25,652	25,241
Financial expense	(71,382)	(84,698)
Total financial income and expense	**(45,730)**	**(59,457)**
Share of profit (loss) of associates accounted for using the equity method	(741)	4,450
Value adjustments on equity investments	2,061	8,579
Profit (loss) before tax	**366,222**	**292,506**
Income tax expense	(110,343)	(92,251)
Net profit (loss) from continuing operations	**255,879**	**200,255**
Net profit (loss) from discontinued operations	-	-
Net profit (loss) for the period	**255,879**	**200,255**
attributable to:		
- Profit (loss) for the period attributable to shareholders	236,493	178,684
- Profit (loss) for the period attributable to minorities	19,386	21,571

STATEMENT OF OTHER COMPREHENSIVE INCOME

thousands of euro

	First nine months 2018	First nine months 2017 Restated (*)
Profit/(loss) for the period - Owners of the parent and non-controlling interests (A)	**255,879**	**200,255**
Other comprehensive income that will subsequently be reclassified to the Income Statement		
- effective portion of changes in fair value of cash flow hedges	5,392	7,247
- changes in fair value of available-for-sale financial assets	-	-
- share of other profits/(losses) of companies accounted for using the equity method	222	725
Tax effect of other comprehensive income	(1,480)	(1,285)
Total other comprehensive income that will subsequently be reclassified to the Income Statement, net of tax effect (B1)	**4,134**	**6,687**
Other comprehensive income that will subsequently not be reclassified to the Income Statement		
- actuarial gains/(losses) on employee defined benefit plans (IAS 19)	-	-
- portion of other profits/(losses) of companies accounted for using the equity method related to employee defined benefit plans (IAS 19)	-	-
Tax effect of other comprehensive income	-	-
Total other comprehensive income that will subsequently not be reclassified to the Income Statement, net of tax effect (B2)	**-**	**-**
Total comprehensive income/(expense) (A)+(B1)+(B2)	**260,013**	**206,942**
attributable to:		
- Profit (loss) for the period attributable to shareholders	240,577	184,049
- Profit (loss) for the period attributable to minorities	19,436	22,893

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Share capital	Share premium reserve	Legal reserve
31/12/2016 Restated (*)	**1,276,226**	**105,102**	**45,585**
Legal reserve			4,413
Dividends to shareholders			
Retained earnings			
Changes in consolidation scope			
Change in business combinations			
Other changes			
Comprehensive income for the period			
of which:			
- Net profit for the period			
- Other comprehensive income			
30/09/2017 Restated (*)	**1,276,226**	**105,102**	**49,998**
31/12/2017	**1,276,226**	**105,102**	**49,998**
First application of IFRS 9 and IFRS 15			
Retained earnings			
01/01/2018	**1,276,226**	**105,102**	**49,998**
Capital increase	24,705	27,917	
Legal reserve			8,348
Dividends to shareholders			
Changes in consolidation scope			
Change in business combinations			
Other changes			
Comprehensive income for the period			
of which:			
- Net profit for the period			
- Other comprehensive income			
30/09/2018	**1,300,931**	**133,019**	**58,346**

thousands of euro

Cash flow hedging reserve	Other reserves and retained earnings (losses)	Total reserves and retained earnings (losses)	Profit (loss) for the period	Equity attributable to shareholders	Equity attributable to minorities	Total equity
(8,421)	**365,048**	**507,314**	**179,844**	**1,963,384**	**333,892**	**2,297,276**
		4,413	(4,413)	-		-
		-	(79,764)	(79,764)	(9,600)	(89,364)
	95,667	95,667	(95,667)	-		-
	4,669	4,669		4,669	16,289	20,958
	154	154		154		154
	(10,081)	(10,081)		(10,081)	8,046	(2,035)
5,365		5,365	178,684	184,049	22,893	206,942
			178,684	178,684	21,571	200,255
5,365	-	5,365		5,365	1,322	6,687
(3,056)	**455,457**	**607,501**	**178,684**	**2,062,411**	**371,520**	**2,433,931**
(1,729)	**454,813**	**608,184**	**237,720**	**2,122,130**	**376,673**	**2,498,803**
	(133,719)	(133,719)		(133,719)	(4,273)	(137,992)
	237,720	237,720	(237,720)	-		-
(1,729)	**558,814**	**712,185**	**-**	**1,988,411**	**372,400**	**2,360,811**
		27,917		52,622		52,622
	(8,348)	-		-		-
	(91,065)	(91,065)		(91,065)	(21,908)	(112,973)
	-	-		-	2,676	2,676
	(445)	(445)		(445)	415	(30)
	(1,442)	(1,442)		(1,442)	285	(1,157)
4,084		4,084	236,493	240,577	19,436	260,013
			236,493	236,493	19,386	255,879
4,084	-	4,084		4,084	50	4,134
2,355	**457,514**	**651,234**	**236,493**	**2,188,658**	**373,304**	**2,561,962**

CONSOLIDATED STATEMENT OF CASH FLOWS

thousands of euro

	First nine months 2018	First nine months 2017 Restated (*)
A. Opening cash and cash equivalents	**169,086**	**253,684**
Cash flows from operating activities		
Profit (loss) for the period	255,879	200,255
Adjustments:		-
Income tax expense for the period	110,343	92,251
Share of profit (loss) of associates and joint ventures	741	(13,029)
Net financial expense (income)	45,730	59,457
Amortisation of intangible assets and depreciation of property, plant and equipment	257,883	235,243
Net impairment losses (reversals of impairment losses) on assets	1,233	246
Net provisions for risks and other charges	66,910	64,462
Capital (gains) losses	(457)	(287)
Utilisations of employee benefits	(8,448)	(4,447)
Utilisations of provisions for risks and other charges	(20,826)	(19,536)
Change in other non-current assets and liabilities	5,134	17,480
Other changes in capital	(28,911)	(9,484)
Taxes paid	(54,099)	(61,777)
B. Cash flows from operating activities before changes in NWC	**631,112**	**560,834**
Change in inventories	(30,175)	(12,906)
Change in trade receivables	190,764	182,627
Change in tax assets and other current assets	25,142	(61,712)
Change in trade payables	(211,899)	(257,928)
Change in tax liabilities and other current liabilities	(25,877)	28,708
C. Cash flows from changes in NWC	**(52,045)**	**(121,211)**
D. Cash flows from/(used in) operating activities (B+C)	**579,067**	**439,623**
Cash flows from /(used in) investing activities		
Investments in property, plant and equipment and intangible assets	(286,483)	(200,248)
Investments in financial assets	(300)	(15,175)
Proceeds from the sale of investments and changes in assets held for sale	14,902	3,343
Changes in consolidation scope	(233,366)	(10,127)
Dividends received	1,698	3,929
E. Total cash flows from /(used in) investing activities	**(503,549)**	**(218,278)**
F. Free cash flow (D+E)	**75,518**	**221,345**
Cash flows from /(used in) financing activities		
Capital increase	52,622	-
Dividends paid	(112,973)	(89,364)
New non-current loans	501,000	-
Repayment of non-current loans	(170,833)	(316,200)
Change in financial liabilities	2,730	120,744
Change in financial assets	37,993	(34,165)
Interest paid	(39,932)	(48,024)
Interest received	10,480	11,589
G. Total cash flows from /(used in) financing activities	**281,087**	**(355,420)**
H. Cash flows for the period (F+G)	**356,605**	**(134,075)**
I. Closing cash and cash equivalents (A+H)	**525,691**	**119,609**

LIST OF FULLY CONSOLIDATED COMPANIES

Company	Registered office	Currency	Share capital	% interest	Shareholder company
Iren Ambiente S.p.A.	Piacenza	Euro	63,622,002	100.00	Iren
Iren Energia S.p.A.	Turin	Euro	918,767,148	100.00	Iren
Iren Mercato S.p.A.	Genoa	Euro	61,356,220	100.00	Iren
Ireti S.p.A.	Tortona (Alessandria)	Euro	196,832,103	100.00	Iren
Acam S.p.A.	La Spezia	Euro	27,819,860	100.00	Iren
Acam Acque S.p.A.	La Spezia	Euro	24,260,050	100.00	Acam S.p.A.
Acam Ambiente S.p.A.	La Spezia	Euro	6,313,620	100.00	Acam S.p.A.
AMIAT S.p.A.	Turin	Euro	46,326,462	80.00	AMIAT V
AMIAT V. S.p.A.	Turin	Euro	1,000,000	93.06	Iren Ambiente
ASM Vercelli S.p.A.	Vercelli	Euro	120,812,720	59.97	IRETI
Atena Trading S.r.l.	Vercelli	Euro	556,000	100.00	ASM Vercelli
Bonifica Autocisterne S.r.l.	Piacenza	Euro	595,000	51.00	Iren Ambiente
Centrogas Energia S.p.A.	La Spezia	Euro	5,100,000	100.00	Iren Rinnovabili
Coin Consultech S.r.l.	Reggio Emilia	Euro	10,000	72.87	Studio Alfa
Consorzio GPO	Reggio Emilia	Euro	20,197,260	62.35	IRETI
Enia Solaris S.r.l.	Reggio Emilia	Euro	100,000	100.00	Greensource
Formaira S.r.l.	San Damiano Macra (CN)	Euro	10,000	100.00	Maira
Greensource S.p.A.	Reggio Emilia	Euro	1,000,000	100.00	Iren Rinnovabili
Immobiliare delle Fabbriche S.r.l.	Genoa	Euro	90,000	100	Iren Acqua
InTeGra S.r.l.	La Spezia	Euro	1,500,000	100.00	Acam S.p.A.
Iren Acqua S.p.A.	Genoa	Euro	19,203,420	60.00	IRETI
Iren Acqua Tigullio S.p.A.	Chiavari (Genoa)	Euro	979,000	66.55	Iren Acqua
Iren Laboratori S.p.A.	Genoa	Euro	2,000,000	90.89	IRETI
Iren Rinnovabili S.p.A.	Reggio Emilia	Euro	2,596,721	100.00	Iren Ambiente
Maira S.p.A.	San Damiano Macra (CN)	Euro	596,442	66.23	Iren Energia
Monte Querce S.c.a.r.l.	Reggio Emilia	Euro	100,000	60.00	Iren Ambiente
ReCos S.p.A.	La Spezia	Euro	3,516,000	49.00	Acam S.p.A.
				46.00	Iren Ambiente
R.E.I. S.r.l.	Pianezza (Turin)	Euro	50,000	100.00	Iren Ambiente
Salerno Energia Vendite S.p.A.	Salerno	Euro	3,312,060	50.00	Iren Mercato
Spezia Energy Trading S.r.l.	La Spezia	Euro	60,000	100.00	Iren Mercato
Studio Alfa S.p.A.	Reggio Emilia	Euro	100,000	86.00	Iren Rinnovabili
TRM S.p.A.	Turin	Euro	86,794,220	80.00	Iren Ambiente
Varsi Fotovoltaico S.r.l.	Reggio Emilia	Euro	100,000	100.00	Greensource

LIST OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

Joint Ventures

Company	Registered office	Currency	Share capital	% interest	Shareholder company
Acque Potabili S.p.A.	Turin	Euro	7,633,096	44.92	IRETI
Olt Offshore Toscana LNG S.p.A.	Milan	Euro	40,489,544	46.79	Iren Mercato

Associates

Company	Registered office	Currency	Share capital	% interest	Shareholder company
A2A Alfa S.r.l.	Milan	Euro	100,000	30.00	Iren Mercato
Acos Energia S.p.A.	Novi Ligure	Euro	150,000	25.00	Iren Mercato
Acos S.p.A.	Novi Ligure	Euro	17,075,864	25.00	IRETI
Acquaenna S.c.p.a.	Enna	Euro	3,000,000	46.00	IRETI
Aguas de San Pedro	S.Pedro Sula (Honduras)	Lempiras	159,900	39.34	IRETI
Aiga S.p.A.	Ventimiglia	Euro	104,000	49.00	IRETI
Amat S.p.A.	Imperia	Euro	5,435,372	48.00	IRETI
Amter S.p.A.	Cogoleto (Genoa)	Euro	404,263	49.00	Iren Acqua
ASA S.p.A.	Livorno	Euro	28,613,406	40.00	IRETI
ASTEA S.p.A.	Recanati	Euro	76,115,676	21.32	Consorzio GPO
Asti Energia e Calore S.p.A.	Asti	Euro	120,000	34.00	Iren Energia
BI Energia S.r.l.	Reggio Emilia	Euro	100,000	47.50	Iren Rinnovabili
Campo Base S.r.l.	Cuneo	Euro	20,000	49.00	Maira
CSP Innovazione nelle ICT S.c.r.l.	Turin	Euro	600,000	25.00	Iren Energia
Domus Acqua S.r.l.	Domusnovas	Euro	96,000	29.00	IRETI
Fata Morgana S.p.A. (2)	Reggio Calabria	Euro	2,225,694	25.00	IRETI
Fin Gas S.r.l.	Milan	Euro	10,000	50.00	Iren Mercato
Fratello Sole Energie Solidali Impresa Sociale S.r.l.	Genoa	Euro	350,000	40.00	Iren Energia
G.A.I.A. S.p.A.	Asti	Euro	5,539,700	45.00	Iren Ambiente
Global Service Parma S.c.a r.l.	Parma	Euro	20,000	30.00	IRETI
Iniziative Ambientali S.r.l.	Novellara (Reggio Emilia)	Euro	100,000	40.00	Iren Ambiente
Mondo Acqua S.p.A.	Mondovì (Cuneo)	Euro	1,100,000	38.50	IRETI
Nord Ovest Servizi S.p.A.	Turin	Euro	7,800,000	10.00	IRETI
				15.00	AMIAT
Piana Ambiente S.p.A. (2)	Gioia Tauro	Euro	1,719,322	25.00	IRETI
Plurigas S.p.A. (2)	Milan	Euro	800,000	30.00	Iren
Rio Riazzone S.p.A. (1)	Castellarano (Reggio Emilia)	Euro	103,292	44.00	Iren Ambiente
Sinergie Italiane S.r.l. (1)	Milan	Euro	1,000,000	30.94	Iren Mercato
So. Sel. S.p.A.	Modena	Euro	240,240	24.00	IRETI
STU Reggiane S.p.A.	Reggio Emilia	Euro	13,148,879	30.00	Iren Rinnovabili
Tirana Acque S.c. a r.l. (1)	Genoa	Euro	95,000	50.00	IRETI
Valle Dora Energia S.r.l.	Turin	Euro	537,582	49.00	Iren Energia

(1) Company in liquidation

(2) Company in liquidation classified among discontinuing operations

(3) Company classified among assets held for sale

Certification by the Financial Reporting Manager pursuant to Article 154-bis, paragraph 2 of Italian Legislative Decree no. 58/1998 (“Testo Unico della Finanza” [Consolidated Finance Act]);

The undersigned Massimo Levrino, Financial Reporting Manager of IREN S.p.A declares, pursuant to paragraph 2 of Article 154-bis of the “Testo Unico della Finanza” [Consolidated Finance Act] that the accounting information contained in this Consolidated Quarterly Report at 30 September 2018 corresponds to the documentary records, books and accounting entries.

7 November 2018

Administration, Finance and
Control Manager and
Financial Reporting Manager appointed under Law 262/05

Massimo Levrino

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