PRESS RELEASE

IREN Group: the Board of Directors have approved the results at 31st March 2016 showing high growth performance

This quarter is characterized by the double-digit increase in all the key operating indicators thanks to the continuous streamlining process, which allowed for the attainment of a further 19 million euros linked to organic growth and significant synergies. In addition there is the important contribution coming from the full consolidation of TRM S.p.A, the company managing the WTE plant in Turin, following the acquisition of a majority stake by the Group, in compliance with the strategic guidelines set up in the business plan

- **Revenues at 886.2 million euros (-3.6% against 919.1 million euros at 31/03/2015)**
- **Ebitda at 239.1 million euros (+13.1% against 211.4 million euros at 31/03/2015)**
- **Ebit at 154.3 million euros (+15.8% against 133.2 million euros at 31/03/2015)**
- **Group net profit at 72.9 million euros (+24.5% against 58.6 million euros at 31/03/2015).**
- **Net Financial Position at 2,551 million euros. Net of the change in consolidation perimeter deriving from TRM, the Net Financial Position would have been 50 million euros lower.**

Reggio Emilia, 12th May 2016 - The Board of Directors of IREN S.p.A. today approved the consolidated results at 31 March 2016.

"The first quarter results confirmed the validity of the operational and managing initiatives implemented in the last year" - stated Paolo Peveraro, Chairman of the Group, who then added– *"One of the main challenges that the recently appointed Board of Directors will have to face is to keep up or even to increase, if possible, the pace with which the business plan's strategic guidelines are being pursued, relying on four fundamental pillars: efficiency, sustainability, integration and innovation.*

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"*The excellent performance reported in the first three months of 2016* – commented Massimiliano Bianco, CEO of the Group – *has to be read together with the positive results recorded at the end of 2015. The steady improvement of the economic and financial key indicators shows IREN's commitment and capacity to focus firmly on achieving the business plan's objectives. In the last quarter, all these elements have enabled both a double digit EBITDA, EBIT and net profit growth and the acquisition of a controlling stake in TRM S.p.A. The latter is synergetic with AMIAT, a company in which the Group also holds a majority stake, allowing IREN to oversee the entire integrated waste cycle in Turin area.*

IREN GROUP: CONSOLIDATED RESULTS AT 31 MARCH 2016

Consolidated **revenues** for the first three months of 2016 stand at 886.2 million euros, down (-3.6%) against 919.1 million euros in the same period of the last year. This decrease, caused mainly by a drop in commodity prices, did not impact on Group's EBITDA. The EBITDA margin (an important profitability indicator) experienced in fact a growth moving from 23% to 27%

EBITDA is 239.1 million euros, up 13.1% against 211.4 million euros in the first three months of 2015, benefitting from rationalization and streamlining process initiatives implemented in the last months, which has led to the achievement synergies worth approximately 7 million euros. Adding to this the organic growth coming mainly from the energy sector thanks to the optimization of procurement and hedging and the sales strategy, plus a number of positive regulatory and scenario effects. This result is even more positive taking into account the unfavourable climate trend (milder temperatures) and the review of the distribution tariffs, which reduced the remuneration on invested capital. A further contribution to EBITDA came from the territorial consolidation process which has benefitted from the introduction of a further element: the acquisition of a controlling stake in TRM, the company managing the WTE plant in Turin. Finally there is the good balance of the business portfolio, in which 75% of EBITDA comes from regulated and semi-regulated activities.

EBIT stands at 154.3 million euros, a 15.8% growth compared to 133.2 million euros at 31st March 2015. These excellent results more than offset, in fact, higher D&A due principally to the TRM full consolidation.

Group net profit is 72.9 million euros, up by 24.5% against 58.6 million euros reported in the same period of 2015. This growth derives from the positive operating performance, offset to an extent by higher financial charges due to the TRM consolidation and higher taxes.

Net financial position at 31st March 2016 is equal to 2,551 million euros. The approximately 432 million euros' growth compared to 2015 is exclusively linked to the widening of the consolidation perimeter (TRM). Net of this, in fact, a 50 million euros reduction would have been reported.

Gross technical investments in the period amount to 41.3 million euros

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PRESS RELEASE

IREN GROUP: MAIN RESULTS BY BUSINESS AREA

(millions of euros)	31/03/2016	31/03/2015	Var. %
Revenues	**886.3**	**919.3**	**-3.6%**
Electricity and district heating	*236.5*	*267.1*	*-11.5%*
Market	*747.0*	*811.7*	*-8.0%*
Networks (electricity, gas, and water infr.)	*191.7*	*197.1*	*-2.7%*
Waste	*127.4*	*116.3*	*9.5%*
Services and other	*16.4*	*17.1*	*-4.3%*
Netting and adjustments	*-432.7*	*-490.1*	*-11.7%*
Gross Operating Profit	**239.1**	**211.4**	**13.1%**
Electricity and district heating	80.3	69.7	15.3%
Market	53.0	49.2	7.8%
Electricity	*15.7*	*6.2*	(*)
Gas and Heat	*37.3*	*43.0*	*-13.3%*
Networks	72.3	74.1	-2.6%
Electricity networks	*16.5*	*20.1*	*-17.9%*
Gas networks	*17.7*	*17.5*	*1.3%*
Water networks	*38.1*	*36.5*	*4.5%*
Waste	31.0	19.8	56.2%
Services and other	2.5	-1.3	(*)
Operating Profit	**154.3**	**133.2**	**15.8%**
Electricity and district heating	*51.4*	*38.9*	*32.3%*
Market	*42.6*	*39.2*	*8.6%*
Networks (electricity, gas, and water infr.)	*43.5*	*47.0*	*-7.6%*
Waste	*15.4*	*10.6*	*44.4%*
Services and other	*1.4*	*-2.6*	(*)

(*) VARIATION OF MORE THAN 100%

ELECTRICITY AND DISTRICT HEATING

Revenues of the sector amount to 236.5 million euros against 267.1 million euros reported in the first quarter of 2015 (-11.5%). The fall is substantially attributable to the trend in commodity prices.

EBITDA of the sector is 80.3 million euros, up by 15.3% compared to what was reported at 31st March 2015. This result is positively affected by both the growth in spark-spreads (thanks to a sharper drop in fuel price compared to electricity) and higher volumes produced, together with the exploitation of a number of important opportunities on the DSM (Despatchment Service Market)

In the first quarter of the year, total **electricity** produced was 2,517 GWh, +7.4% compared to 2,345 GWh reported in the same quarter of the previous year. The main contribution to this result comes from the thermoelectric/co-generative sector, with an electricity production of 2,265 (+8.8%) offsetting a slight decrease in hydroelectric production, 252 Gwh, -4.1% (compared to a 7.2% drop at National level).

Heat production for district heating stands at 1,308 Gwht, a 3.8% drop compared to the first quarter 2015. This is due to the milder winter season compared to what was reported in

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2015 (-2% day-degrees on average). It is worth noting the increase in district heated volumes (+2.5%) reaching 82 million of cubic meters.

At 31st March 2015 **gross investments** for 6.7 million euros were made, mainly devoted to the cogeneration production sector

MARKET

Revenues for the Market sector stands at 747.0 million euros, down by 8,0% on 811.7 million euro in the first quarter of 2015: This fall derives mainly from the above-mentioned commodity prices trend together with lower gas volumes sold due to milder temperatures.

EBITDA of the sector is 53.0 million euros, up by 7.8% compared to 49.2 million euros reported the 31st March 2015. The growth is linked to the optimization of the procurement and sale policies, together with a number of positive changes to the regulatory framework, which more than offset the negative impact on gas coming from an unfavourable climate trend.

Electricity directly sold in the first quarter of 2016 was 3,995 GWh, a significant increase (+15.8%) on 3,415 Gwh sold in the first three months of 2015.

934 million cubic metres of **gas** were sold, an approximately -2.5% reduction compared to 958 million cubic metres in the same period of the previous year, caused mainly by a milder winter season.

At 31st March 2016 **gross investments** amounted 4.5 million euros**.**

NETWORKS

The network business area's margins experienced a slight decrease compared to the first three months of 2015, mainly because of the reduction in the remuneration on invested capital decided by AEEGSI at the end of 2015 and because of the absence of a number of positive non-recurrent elements reported last year, offsetting the attainment of significant synergies.

Energy infrastructure

Revenues in the energy infrastructure sector amount to 77.6 million euro, a reduction compared to 87.0 million euros reported in the first three months of 2015.

EBITDA stands at 34.2 million euros, down (-9.1%) on 37.6 million euros at 31st March 2015. The growth reported in the gas networks sector, thanks to operating streamlining activities, did not completely offset the fall in the electricity branch due mainly to the absence of a positive element reported in 2015 linked to equalization for previous years.

In the first quarter, the Group distributed 1,062 GWh of **electricity** and 548 million of cubic metres of **gas**.

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Gross investments in the sector amount to 12.0 million euros for the modernization of the gas network, in particular through the installation of cathodic protection systems and electronic meters, the replacement of grey cast iron pipes and the construction and updating of electricity substations.

Water infrastructure

The integrated water service recorded **revenues** for 114.1 million euros, up compared to 110.1 million euros at 31st March 2015.

EBITDA stands at 38.1 million euros, up (+4.5%) on 36.5 million euros for the same period in 2015 and reflects the positive trend reported in revenues.
The main growth drivers, besides the streamlining activities, are the change in the consolidation perimeter deriving from the transfer to the Group of some business branches previously run by Società Acque Potabili and from synergies which offset the reduction in the rate of remuneration on invested capital.

At 31st March 2016 the Group sold 40.2 million cubic metres of **water**, up compared to the same period in 2015 mainly thanks to the above-mentioned change in the consolidation perimeter.

Gross investments for the period amount to 12.6 million euros, for the construction of the infrastructures as provided for in the “Piani d’ambito” (Territorial plans), and to the development of distribution networks, sewerage networks and treatment systems.

WASTE

In the waste sector **revenues** totalled 127.4 million euros, up by 9.5% on 116.3 million euros reported in the first quarter of 2015. The increase comes mainly from the integral consolidation of TRM, following the acquisition of a majority stake in January this year, whose effect is partially limited by the drop in the price of electricity produced by the Company’s WTE plants.

31,0 million euros **EBITDA**, also strongly up (+56.2%) compared to 19.8 million euros of the first three months of 2015 substantially reflects the same trend already cited in revenues, hence linked to the complete coverage of the integrated waste cycle (collection and disposal) in the Municipality of Turin.

Approximately 374,000 tons of waste were collected during the reference period, substantially stable compared to the first three months of 2015

Sorted waste has grown both in the Emilia area, moving from 65% to 67%, and in the Turin area, moving from 42% to 43%.

Gross investments made in the area amounted to 2.9 million euros

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BUSINESS OUTLOOK

The first quarter of 2016 was characterized by low commodity prices with the Brent price oscillating between 30 and 40 dollars a barrel, signalling a weak global economic environment negatively impacted by a low level of growth and demand in the major industrial systems. These trends apply also at national level.
In this difficult context, the Group completed several important operations in the first three months of the year, aimed at growing in the integrated waste cycle according to the guidelines outlined in the business plan presented last June.
The Group's commitment to implement the planned growth in its reference areas while keeping a tight control on financial stability is also confirmed for the rest of the year.

APPOINTMENT OF COMMITTEES

The Board of Directors appointed the members of the following Committees:

- **The Audit and Risk Committee**: Alessandro Ghibellini, Marco Mezzalama, Paolo Pietrogrande.
- **The Remunerations Committee**: Moris Ferretti, Marta Rocco, Isabella Tagliavini
- **The Committee for Operations with Related Party**: Lorenza Franca Franzino, Licia Soncini, Barbara Zanardi.

CONFERENCE CALL

The results at 31 March 2015 will be illustrated today, 12 May at 16,00 (Italian time), during a conference call to the financial community, also broadcast through web casting in listen-only mode on the www.gruppoiren.it website in the investor relations section.

Legislative decree no. 25 of 15 February 2016 (Official Gazette no. 52 of 3 March 2016) implemented the so-called "Transparency" European Directive introducing important simplifications, including the elimination of the obligation of making quarterly financial reports available to the public. IREN Group, nevertheless, considers it appropriate publish this financial information for the first quarter of 2016, as in the past. This choice should not, however be considered as formally binding on the Group for the future, and may be subject to regulatory developments on the matter.

The Manager in charge of drawing up the corporate accounting documents, Mr, Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act, that the accounting information presented herein corresponds to the accounting documents, records and registers.
The Financial Report at 31 March 2015 will be made available to the public as provided for by the law, at the company's headquarters (Via Nubi di Magellano, 30 – Reggio Emilia) at Borsa Italiana S.p.A, and they will be published on the website www.gruppoiren.it.
The financial statements of IREN Group S.p.A. (not subject to audit) are set out below.

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PRESS RELEASE

IREN GROUP: CONSOLIDATED INCOME STATEMENT AT 31/03/2016

(Thousands Euro)

	31.03.2016	31.03.2015	Var. %
Revenues			
Revenues from goods and services	837,515	875,315	(4.3)
Change in contract work in progress	368	34	(*)
Other revenues and income	48,342	43,770	10.4
Total Revenues	**886,225**	**919,119**	**(3.6)**
Operating expenses			
Costs for raw materials, consumables, supplies and goods	(303,847)	(367,090)	(17.2)
Services and use of third-party assets	(245,180)	(234,035)	4.8
Other operating expenses	(14,005)	(20,923)	(33.1)
Capitalized expenses for internal work	6,562	5,903	11.2
Personnel expenses	(90,611)	(91,543)	(1.0)
Total Operating Expenses	**(647,081)**	**(707,688)**	**(8.6)**
Gross Operating Profit (EBITDA)	**239,144**	**211,431**	**13.1**
Amortization, depreciation, impairment and provisions			
Amortization/depreciation	(70,567)	(65,740)	7.3
Provisions and impairment	(14,311)	(12,511)	14.4
Total amortization, depreciation impairment and provisions	**(84,878)**	**(78,251)**	**8.5**
Operation Profit (EBIT)	**154,266**	**133,180**	**15.8**
Financial Income			
Financial Income	5,806	8,054	(27.9)
Financial expense	(36,096)	(36,436)	(0.9)
Net Financial Income	**(30,290)**	**(28,382)**	**6.7**
Share of profit (loss) of associates accounted for using the equity method	(356)	(2,929)	(87.8)
Impairment losses on investments	-	-	-
Profit before tax	**123,620**	**101,869**	**21.4**
Income tax expenses	(45,874)	(39,036)	17.5
Profit for the period from continuing operations	**77,746**	**62,833**	**23.7**
Profit from discounted operations	-	-	-
Profit for the period	**77,746**	**62,833**	**23.7**
Attributable to:			
- owners of the Parent	72,947	58,589	24.5
- non-controlling interests	4,799	4,244	13.1

(*) Variation of more than 100%

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PRESS RELEASE

IREN GROUP: RECLASSIFIED STATEMENT OF FINANCIAL POSITION AT 31/03/2016

(Thousands Euro)

	31.03.2016	31.12.2015	Var. %
Non-current assets	5,063,432	4,648,465	8.9
Other non-current assets (liabilities)	(157,307)	(161,911)	(2.8)
Net Working Capital	213,876	153,888	39.0
Deferred tax assets (liabilities)	91,257	110,972	(17.8)
Provisions and employee benefits	(538,247)	(525,799)	2.4
Assets (Liabilities) held for sale	920	5,420	(83.0)
Net invested capital	**4,673,931**	**4,231,035**	**10.5**
Shareholders' Equity	2,122,812	2,061,666	3.0
Non-current financial assets	*(62,009)*	*(53,012)*	*17.0*
Non-current financial indebtedness	*3,127,950*	*2,698,648*	*15.9*
Non-current net financial indebtedness	3,065,941	2,645,636	15.9
Current financial assets	*(741,277)*	*(690,878)*	*7.3*
Current financial indebtedness	*226,455*	*214,611*	*5.5*
Current net financial indebtedness	(514,822)	(476,267)	8.1
Net financial debt	2,551,119	2,169,369	17.6
Own funds and net financial indebtedness	**4,673,931**	**4,231,035**	**10.5**

(*) Changes of more than 100%

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PRESS RELEASE

IREN GROUP: CONSOLIDATED STATEMENT OF CASH FLOWS AT 31/03/2016

(Thousands Euro)

	31.03.2016	31.03.2015	Var. %
A. Opening cash and cash equivalents	**139,576**	**51,601**	**(*)**
Cash flow from operating activities			
Profit (loss) for the period	77,746	62,833	23.7
Adjustments:			
Amortisation of intangible assets and depreciation of property, plant and equipment and investment property	70,567	65,740	7.3
Capital gains (losses) and other changes in equity	2,102	3,038	(30.8)
Net change in post-employment benefits and other employee benefits	(2,966)	(1,155)	(*)
Net change in provision for risk and other charges	6,916	6,370	8.6
Change in deferred tax assets and liabilities	(2,303)	(2,236)	3.0
Change in other non-current assets and liabilities	(4,604)	(9,206)	(50.0)
Dividends accounted for net of adjustments	-	(66)	(100.0)
Share of profit (loss) of associates and joint ventures	356	2,929	(87.8)
Net impairment losses (reversals of impairment losses) on assets	2,425	-	-
B. Cash flows from operating activities before changes in NWC	**150,239**	**128,247**	**17.1**
Change in inventories	30,610	22,881	33.8
Change in trade receivables	(133,907)	(85,580)	56.5
Change in tax assets and other current assets	(3,139)	3,150	(*)
Variation in trade payables	(52,349)	55,152	(*)
Change in tax liabilities and other current liabilities	105,473	27,209	(*)
C. Cash flows from changes in NWC	**(53,312)**	**22,812**	**(*)**
D. Cash flows frome/(used in) operating activities (B+C)	**96,927**	**151,059**	**(35.8)**
Cash flows from/(used in) investing activities			
Investments in intangible assets, property, plant, equipment and investment property	(41,256)	(43,167)	(4.4)
Investments in financial assets	(31)	(385)	(91.9)
Proceeds from the sale of investments and changes in assets held for sale	1,509	4,067	(62.9)
Change in consolidation perimeter	(425,526)	-	-
Dividends received	4,850	66	(*)
E. Total cash flows from/(used in) investing activities	**(460,454)**	**(39,419)**	**(*)**
F. Free cash flow (D+E)	**(363,527)**	**111,640**	**(*)**
Cash flow from/(used in) financing activities			
New non-current loans	-	150,000	(100.0)
Repayment of non-current loans	(7,575)	(3,808)	98.9
Change in financial liabilities	430,498	(222,853)	(*)
Change in financial assets	(10,891)	(52,030)	(79.1)
G. Total cash flows from/(used in) financing activities	**412,032**	**(128,691)**	**(*)**
H. Cash flows for the period (F+G)	**48,505**	**(17,051)**	**(*)**
I. Closing cash and cash equivalents (A+H)	**188,081**	**34,550**	**(*)**

(*) Changes of more than 100%

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