Consolidated
Quarterly Report
at 30 september **2017**

Board of Directors
of 13 november 2017

Summary

COMPANY OFFICERS

Board of Directors [1]

Chairperson	Paolo Peveraro [1
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
Standing Auditors	Emilio Gatto
	Annamaria Fellegara
Supplementary Auditors	Giordano Mingori
	Giorgio Mosci

Financial Reporting Manager

Massimo Levrino

Independent Auditors

PricewaterhouseCoopers S.p.A. [15]

---

(1) Appointed by the Shareholders' Meeting of 09 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 and Risk Committee (from 20 December 2016 named "Control, Risk and Sustainability Committee"), appointed on 12 May 2016.
(8) Member of the Control and Risk Committee (from 20 December 2016 named "Control, Risk and Sustainability Committee"), appointed on 12 May 2016.
(9) Member of the Control and Risk Committee (from 20 December 2016 named "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 28 April 2015 for the three years 2015–2016–2017.
(15) Appointed by the Shareholders' Meeting of 14 May 2012 for the nine years 2012–2020.

Mission and Vision
of the Iren Group

Misson

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.

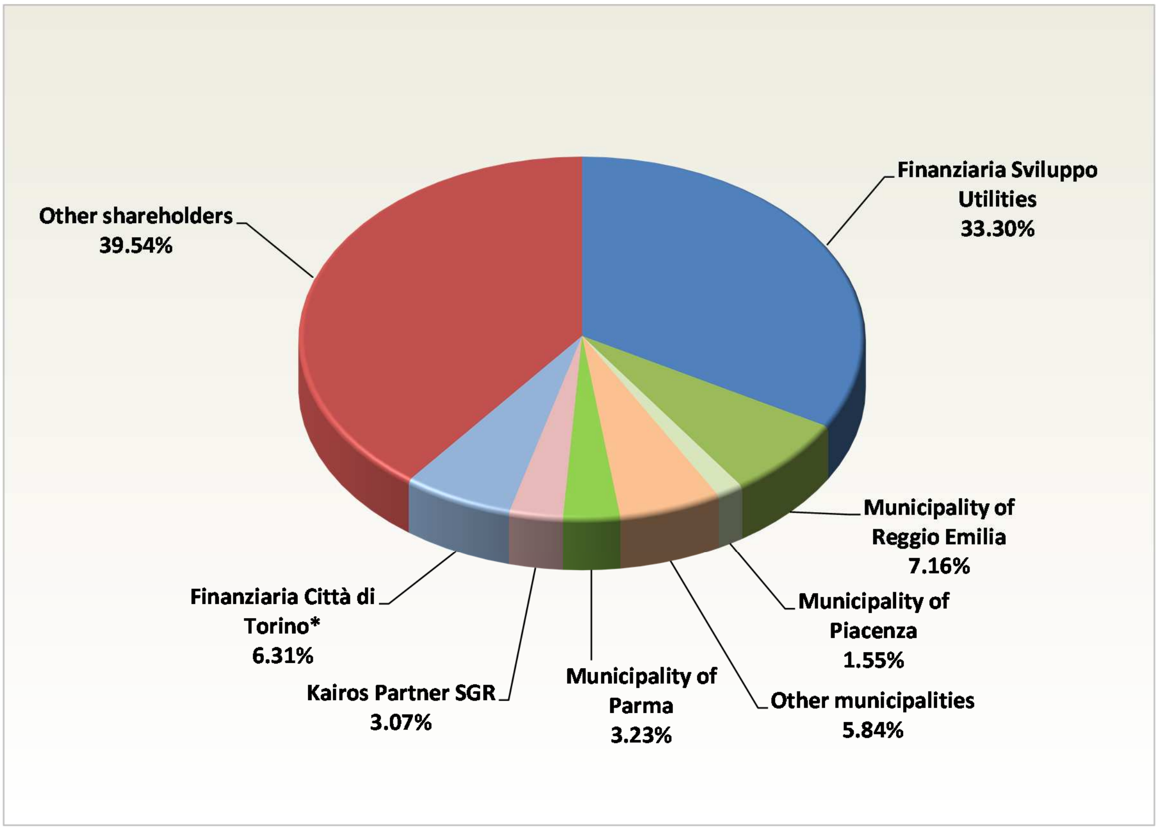
Vision

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.

SHAREHOLDING STRUCTURE

The Company's share capital amounts to 1,276,225,677 euro, paid up, and consists of 1,195,727,663 ordinary shares with a face value of 1 euro each and 80,498,014 savings shares without voting rights with a face value of 1 euro each.
At 30 September 2017, based on available information, the Iren shareholding structure was as follows:



*Savings shares without voting rights

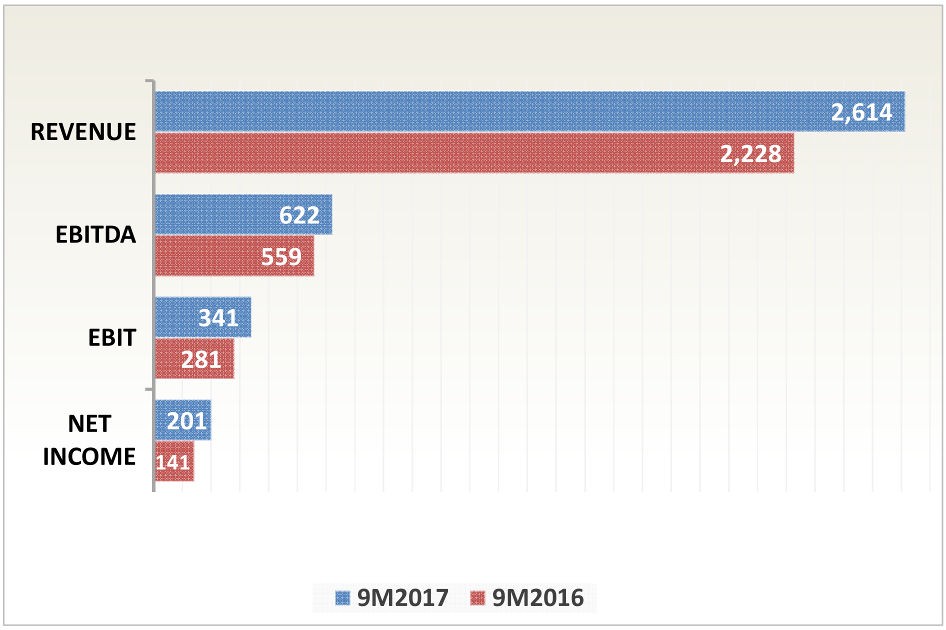
KEY FIGURES OF THE IREN GROUP: HIGHLIGHTS OF THE FIRST NINE MONTHS 2017

Economic data

millions of euro

	First 9 months 2017	First 9 months 2016 Restated (*)	Changes %
Revenue	2,614	2,228	17.3
EBITDA	622	559	11.3
EBIT	341	281	21.4
Net income	201	141	42.6
EBITDA Margin (EBITDA/Revenue)	23.8%	25.1%	

(*) As provided for in IFRS 3, with completion of the Purchase Price Allocation, the economic balances of the first nine months of 2016 were restated to take into account, at the date of acquisition, the definitive fair value of the acquired assets and liabilities of TRM Holding, TRM V, TRM, ATENA and ATENA Trading. For further details please see the paragraph entitled "Restatement of amounts at 31 December 2016 and 30 September 2016" in the section "Basis of preparation".

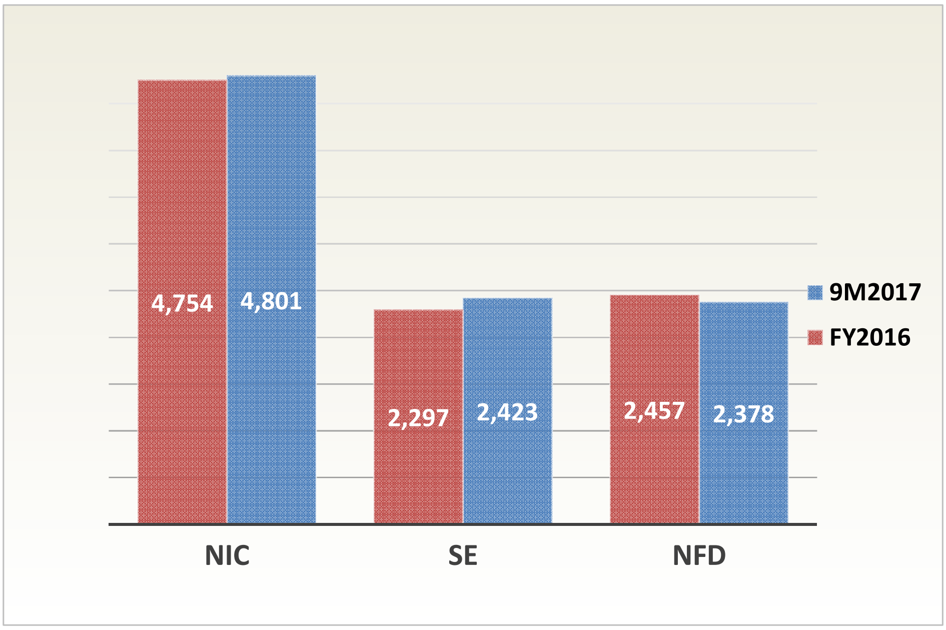


Financial position data

millions of euro

	30.09.2017	31.12.2016 Restated (*)	Changes %
Net invested capital (NIC)	4,801	4,754	1.0
Group and non-controlling interests shareholders' equity (SE)	2,423	2,297	5.5
Net financial debt (NFD)	2,378	2,457	(3.2)
Debt/Equity (Net financial debt/Shareholders' equity)	0.98	1.07	

(*) As provided for in IFRS 3, with completion of the Purchase Price Allocation, the financial balances at 31 December 2016 were restated to take into account, at the date of acquisition, the definitive fair value of the acquired assets and liabilities of ATENA and ATENA Trading. For further details you are invited to read the paragraph entitled "Restatement of amounts at 31 December 2016 and 30 September 2016" in the section "Basis of preparation".

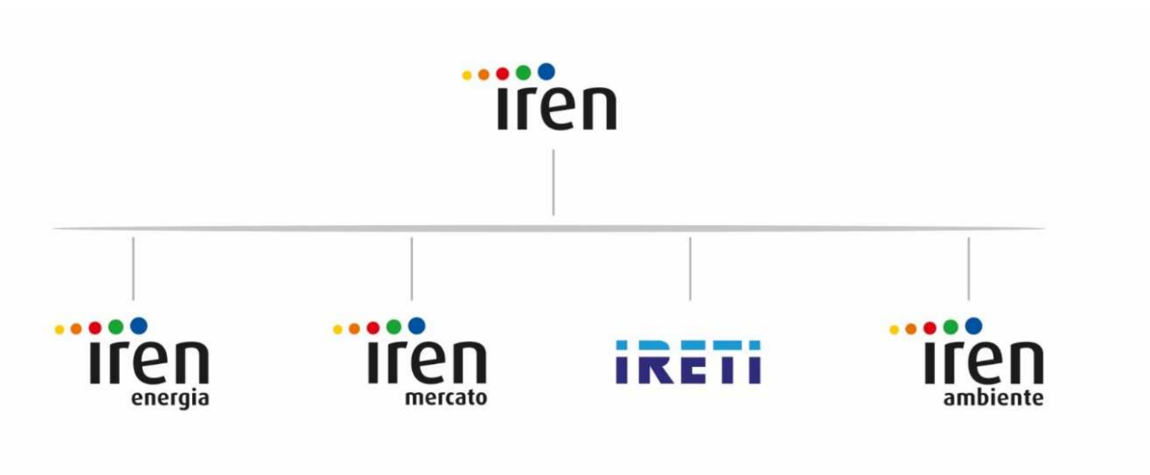


Technical and commercial figures

	First 9 months 2017	First 9 months 2016	Changes %
Electricity produced (GWh)	6,771	6,001	12.8
Thermal energy produced (GWht)	1,878	1,725	8.9
Electricity distributed (GWh)	3,197	3,061	4.4
Gas distributed (mln m^3)	851	795	7.1
Water distributed (mln m^3)	134	126	6.3
Electricity sold (GWh)	11,765	10,458	12.5
Gas sold (mln m^3)*	1,884	1,599	17.9
District heating volume (mln m^3)	85.9	82.1	4.7
Waste handled (tonnes)	1,470,994	1,389,223	5.9

* of which, 1,111 mln m^3 for internal use in the first 9 months of 2017 (978 mln m^3 in the first 9 months of 2016, +13.6%)

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, and four companies responsible for the single business lines operating in the main operating bases of Genoa, Parma, Piacenza, Reggio Emilia, Turin and Vercelli.
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:

- Energy Business Unit operating in the sector of electricity production and district heating
- Market Business Unit active in the sale of electricity, gas and heat
- 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.

The Group has an important customer portfolio and a significant number of plants in support of the operating activities:

Production of electricity and heat: a considerable number of electricity and heat production plants for urban district heating production, for a total capacity of approximately 2,900 MW of electricity.

Gas Distribution: through its network of approximately 7,973 kilometres Iren serves more than 742,000 customers.

Electricity Distribution: with 7,715 kilometres of high, medium and low voltage underground and overhead networks, the Group distributes electricity to more than 713,000 customers in Turin, Parma and Vercelli.

Integrated water cycle: with around 18,500 kilometres of aqueduct networks, 9,600 km of sewerage networks and 1,136 treatment plants, Iren provides services to more than 2,800,000 residents.

Waste management cycle: with 152 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 147 municipalities for a total of more than 2,100,000 residents and more than 1,800,000 tonnes managed in 2016.

District heating: through 905 kilometres of dual-pipe underground networks the Iren Group supplies heating for an overall volume of around 85 million m³, equivalent to a population served of over 846,000 residents.

Sales of gas, electricity and heat energy: during 2016 the Group sold almost 2.7 billion m³ of gas, more than 15,000 GWh of electricity and 2,900 GWh_t of heat for the district heating networks.

ENERGY BU

Cogenerative production of electricity and heat

The Energy BU installed capacity totals approximately 2,700 MW (in electricity). Specifically, it owns 25 electricity production plants: 19 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-compatible. 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.

District heating

In Turin, Iren Energia has the largest district heating network in Italy with 554.2 km of dual pipes (of which 23.9 km in the Municipality of Nichelino), and the networks of Reggio Emilia with an extension of 218.7 km, Parma with 98.7 km, Piacenza with 22.7 km and Genoa with approximately 10.3 km, for a total of 904.6 km. The total volume heated at 30 September 2017 amounted to 85.9 million m³, up compared to the same period in 2016 by 4.7%.

Services to Local Authorities and Global Service

On 1 January 2017, the merger by incorporation of Iren Servizi e Innovazione to Iren Energia came into effect; the former operates 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. Iren Energia, in agreement with the Municipality of Turin is continuing to carry out a structured plan of renewals aimed at improving energy efficiency and limiting consumption, which involves replacing traditional mercury lamps with LED lamps, already started by Iren Servizi e Innovazione.

On 1 January 2017, the acquisition of the "Operational management of thermal systems" business branch from Iren Mercato S.p.A. also took effect, referring to the operational management of thermal systems for certain municipal buildings located in the Province of Genoa.
The operation to transfer the business branch from Iren Mercato to Iren Energia, together with the merger by incorporation of Iren Servizi e Innovazione into Iren Energia both fall within the general scope of the Group's corporate restructuring project.

MARKET BU

Through Iren Mercato the Group sells electricity, gas and heat, supplies fuel to the Group, provides customer management services to Group companies, and supplies heat services and sells heat through the district heating network.

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.
Iren Mercato operates at the national level with a higher concentration of customers served in the Centre and North of Italy and handles the sale of the energy provided by the Group's various sources on the market represented by end customers and other wholesalers.
The main Group energy sources available for its activities are the thermoelectric and hydroelectric plants of Iren Energia S.p.A.
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 has operated in the direct sale of natural gas in the territories of Genoa, Turin and Emilia.
Lastly, it handles heat sales to district heating customers in Turin and the provincial capitals of Reggio Emilia, Parma, Piacenza and Genoa and sales development in new district heating areas.
The Group also sells heat service management and global services to private entities.

Sale of Natural Gas
Total volumes of natural gas procured during the first nine months of 2017 were approximately 2,084 million m^3 of which 773 million m^3 were sold to end customers outside the Group and 1,111 million m^3 were used within the Iren Group both for electricity and thermal energy production and for the provision of heating services.
At 30 September 2017, gas customers managed by the Market Business Unit amounted to more than 894,000, spread throughout the traditional Genoa, Turin and Emilia Romagna catchment area and surrounding development areas, and customers of the new catchment areas of Vercelli brought in by Atena Trading, consolidated as from 1 May 2016 (approximately 27,000 customers) and the area in Campania brought in by Salerno Energia Vendite consolidated as from 1 May 2017 (approximately 83,000 customers). In particular, Salerno Energie 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 2017 by the Market BU amounted to 6,920 GWh.
Retail electricity customers managed at 30 September 2017 amounted to just under 813,000, 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 (approximately 28,000 customers).

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 2017 amounted to 85.9 million m^3.

Heat service management
The resolution for the merger by incorporation of the subsidiary IREN Gestioni Energetiche S.p.A. took effect from 1 January 2017. The latter was formerly held for 100% by Iren Mercato. The merger took place simultaneously with the transfer of the "Operational management of thermal systems" business branch to Iren Energia S.p.A., which included the existing contracts with Public Administrations.

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. On 1 May 2016 Atena S.p.A. also became part of the group. The company operates in the supply of integrated water cycle services and of electricity and gas distribution in the territory of the city and in part of the Province of Vercelli.

Integrated Water Services
IRETI, directly and through the operating subsidiaries Iren Acqua, Iren Acqua Tigullio, and since May 2016 also Atena S.p.A. 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 and Vercelli. With acquisition

of the business unit known as "Ramo Ligure" from Acque Potabili S.p.A. with effect from 01 July 2015, IRETI extended to 4 more municipalities (Camogli, Rapallo, Coreglia Ligure and Zoagli) in the optimal territorial area of Genoa and to the Municipality of Bolano (La Spezia) management of the integrated water service.
Overall in the optimal territorial areas ("Ambiti Territoriali Ottimali" - ATOs) managed at 31 December 2016 (Genoa Area, Reggio Emilia, Parma, Piacenza, Savona and La Spezia), the service was provided in 206 municipalities serving over 2.6 million residents. There are 14 municipalities served in the Province of Vercelli in addition to the capital.
With effect from 1 January 2017, subsequent to the acquisition of the additional "remaining" business unit from Acque Potabili S.p.A., IRETI further extended its management services of the different phases of the water cycle (distribution of drinking water, sewerage, waste water treatment), in various municipalities in the regions of Piedmont, Valle d'Aosta, Lombardy and Veneto for a total of approximately 133 thousand residents.
During the first nine months of 2017 the Networks BU distributed approximately 134 million m^3 of water, through a distribution network of around 18,500 km. As regards waste water, the company manages a total sewerage network spanning approximately 9,600 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 Atena S.p.A. it distributes gas in the City of Vercelli and in 11 other municipalities of the province. The distribution network made up of 7,973 km of high, medium and low-pressure pipes serves a catchment area of approximately 742,000 customers. During the first nine months of 2017, IRETI introduced approximately 851 million m^3 of gas into the network.

Electricity distribution
IRETI provides the electricity distribution service in the cities of Turin and Parma with approximately 7,715 km of network in medium and low voltage. Atena S.p.A. distributes electricity in the City of Vercelli. Electricity distributed during the period amounted to 3,197 GWh.

WASTE MANAGEMENT BU

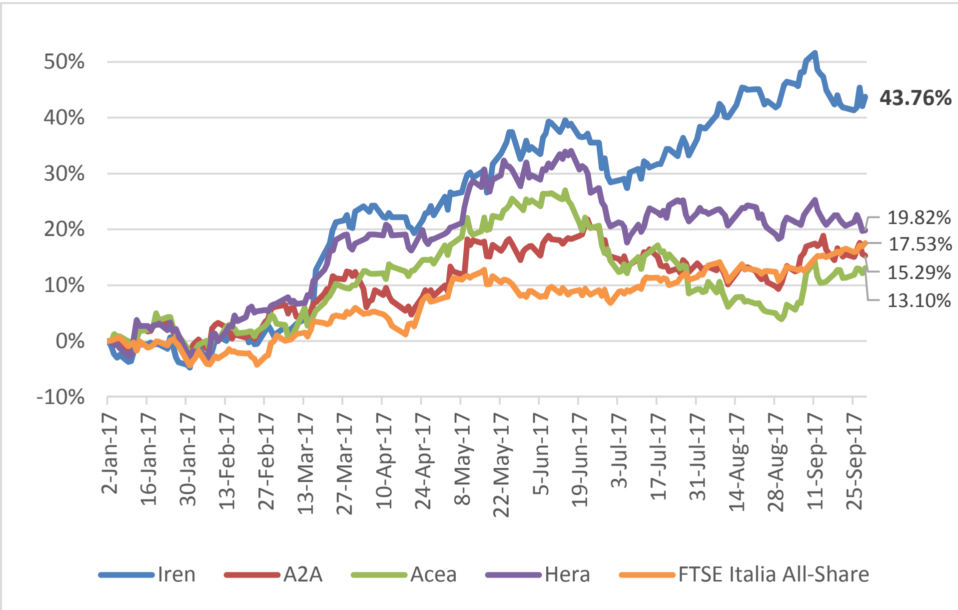
The Waste Management Business Unit carries out waste collection and disposal activities mainly through four companies: IREN Ambiente, operating in the Emilia area, AMIAT, TRM and ATENA operating in the Piedmont area.
The plant network of the BU was increased with the purchase of the company REI S.r.l. situated in the Piedmont area and with the equity interest in the company ReCos S.p.A. operating in the Liguria area. During the first half of 2017 this was further expanded with the acquisition of the equity investment in G.A.I.A. Asti.
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 January 2016 the Group acquired control over TRM S.p.A., the company that manages the Turin waste-to-energy plant. This plant has a waste-to-energy capacity of approximately 500 thousand tonnes/year of waste with energy recovery and has enabled the Group to triple its waste-to-energy capacity, confirming IREN among the top three companies at the national level in terms of waste handled.
On 01 October 2016 an equity investment was acquired in the company ReCos S.p.A. based in La Spezia, of which Iren Ambiente S.p.A. holds 25.5%. ReCos S.p.A. performs both management and maintenance of the WDF production plant in the Municipality of Vezzano Ligure and the composting plant in the Municipality of Arcola. In December 2016 the Group acquired the single-plant company REI S.r.l. set up for the creation of a new landfill site, to include hazardous and exclude municipal waste, based in Pianezza (TO). The company began its operating business in the second quarter of 2017. Following the award of the contract for the management of the waste service of the municipalities that are members of the Waste Catchment Area Consortium of the Asti area, Iren Ambiente acquired a 45% stake in the company G.A.I.A. S.p.A. The company is working on creating the waste processing plants and the station for the transfer of municipal waste to TRM.

INFORMATION ON IREN SHARE IN THE FIRST NINE MONTHS OF 2017

Iren share performance on the Stock Exchange

In the first nine months of 2017, the FTSE Italia All-share (the main Borsa Italiana index), recorded an increase of around 17.5%. This was mainly attributable to the recovery in bank securities, which in 2016 had penalised the trend and had been driven by a general increase in global stock exchange indices. In this scenario, the IREN stock rose by about 43.8%, recording the best performance compared to its most direct competitors.

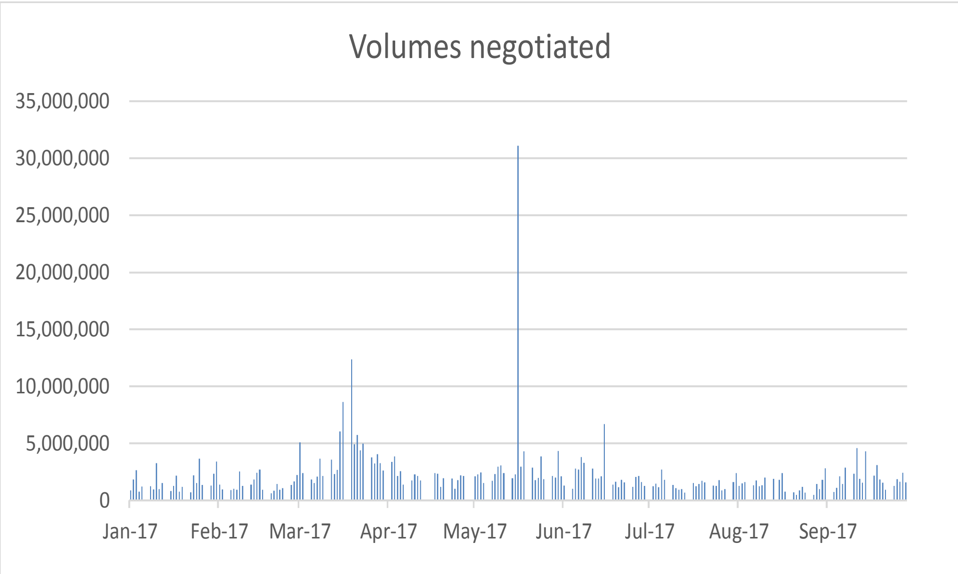
Performance of Iren Share compared to competitors



At the end of September 2017, the IREN share stood at 2.27 euro per share, with average trading volumes in the first nine months of the year of approximately 2.3 million units per day.

In the same period the average price was 1.96 euro per share reaching the highest point since the foundation of IREN (2.39 euro per share) on 11 September and a low for the year (1.54 euro per share) on 4 January.

The two graphs below show the pricing trend and volumes traded in Iren stock over the first nine months of 2017.



Share coverage
During the first nine months of the year, the IREN Group was followed by eight brokers: Banca IMI, Banca Akros, Equita, Fidentiis, Intermonte, KeplerCheuvreux and Mediobanca, with the addition of Main First that activated coverage from 23 January.

“I think having land and not ruining it is the most beautiful art that anybody could ever want to own.”

ANDY WARHOL

Directors' Report

at 30 september **2017**

SIGNIFICANT EVENTS OF THE PERIOD

Conversion of Iren S.p.A. savings shares into ordinary shares by FCT Holding S.p.A. and subsequent sale
On 2 March 2017 FCT Holding S.p.A. communicated that it had concluded the sale of 14,001,986 ordinary shares, representing 1.18% of the Iren S.p.A. ordinary share capital. After the sale, FCT Holding S.p.A. holds a 6.308% stake in the Iren share capital.
The shares sold derive from the conversion of savings shares into ordinary shares, within the settlement date of the Offer, in accordance with the conversion procedure indicated in Art. 6.9 of Iren's By-laws.
This said, the Iren S.p.A. share capital is therefore currently represented by 1,195,727,663 ordinary shares with voting rights and by 80,498,014 savings shares without voting rights, all with a face value of 1.00 euro each.

EIB funding for investments in modernisation and the development of the electricity distribution grid
On 28 March 2017, Iren S.p.A signed a financing contract with the European Investment Bank (EIB) for a total of 75 million euro, to be utilised over several tranches, with a duration of up to 15 years. The funding provided to Iren, on the basis of the successful economic and technical investigations by the EIB, is intended to support IRETI's 2017–2021 Investments Plan regarding the development and modernisation of the electricity networks in order to be environmentally sustainable, and for research and development relating to these projects. The Investments programme focuses especially on the requalification of existing plants, and the replacement of electricity meters with second generation devices. This financing strengthens the financial profile of the Group and consolidates the collaboration with the EIB, taking the proportion of EIB loans, in a direct and guaranteed form, to approximately one third of the total consolidated debt.

Shareholders' Meeting of IREN S.p.A.
On 20 April 2017 the Shareholders' Meeting of IREN S.p.A. approved the Company's Financial Statements in relation to financial year 2016, the 2016 Directors' Report, the first section of the 2016 Remuneration Report and resolved to distribute a dividend of 0.0625 euro per share, confirming what had been proposed by the Board of Directors.
The dividend of 0.0625 euro for each ordinary and savings share was paid starting from 21 June 2017 (ex-dividend date 19 June 2017 and record date 20 June 2017).

Merger by incorporation of GEA Commerciale S.p.A. into Salerno Energia Vendite S.p.A.
On 16 May 2017 the merger deed was signed for the incorporation of the subsidiary GEA Commerciale into its associate Salerno Energia Vendite, after the framework agreement already signed by Salerno Energia Holding S.p.A. and IREN Mercato S.p.A. on 06 July 2016.
Following the merger, the shareholding structure of Salerno Energia Vendite sees IREN Mercato at 50%, Salerno Energia Holding at 48.8% and Gestione Servizi Comunali for the remaining 1.2%. The governance of the company enables the Group to fully consolidate Salerno Energia Vendite as a result after the incorporation.
The accumulated portfolio of the two entities, which operate in natural gas sales, is around 115,000 customers, located in geographical areas of interest: in the provinces of Grosseto in Tuscany, Frosinone in Lazio, and in almost all the provinces of Campania, as well as in a number of Municipalities of the Basilicata and Calabria Regions.
The operation is part of the corporate rationalisation process outlined in the Business Plan and, besides contributing to achievements of the customer base growth targets indicated in it, will enable both the extraction of important synergies and the possibility of offering of the high-added-value services and dual-fuel contracts, expanding the territorial catchment area of reference through marketing campaigns aimed at acquiring new customers and ensuring the loyalty of current ones.
The operation comes within the exemption provided for in article 6 of the Internal Regulation on the subject of Transactions with Related Parties approved by the Board of Directors of IREN S.p.A., as, in relation to the concrete case in question, significant interests of other related parties of IREN S.p.A. were not observed.

Publication of resolution no. 548/2017/R/gas by the AEEGSI and closure at the same time of the enquiry procedure launched with resolution no. 607/2016/R/gas of 17 October 2016.

AEEGSI resolution no. 548/2017, published on 28 July 2017, ended the enquiry procedure launched by the same with resolution no. 607/2016/R/gas of 17 October 2016, on regasification tariffs of the terminal held and managed by OLT Offshore LNG Toscana S.p.A. (OLT), a company in which the IREN Group holds an equity interest of 46.79% in the share capital.

The Resolution ascertained the existence of the conditions for recognition of the regulated status to the regasification terminal, confirming the right to the revenue coverage factor and to the additional remuneration on the invested capital, although with certain limitations which will apply as from 01 January 2018.

In particular, starting from next January this additional remuneration is set at 2% (*floor*) with additional recognition of 1% according to the use of the terminal. This mechanism for promoting efficiency will be applied only if the auctions are held to allocate the regasification capacity. If these auctions are not held, for reasons not attributable to OLT, there will be the inclusion of 3% in calculating the revenue coverage factor.

Besides this, for the purposes of defining the tariff, the costs for maritime services and the costs for self-producing electricity are recognised. In relation to these costs, as the proceeding is still in progress for defining the methods of measuring the efficient cost, a floor was provided for of 85% of the value requested by OLT (and based on the historical cost incurred).

Lastly, the obligation to sign the transport contract for 100% of the regasification capacity of the Terminal is reduced to 5 years.

The amounts payable as final adjustment, for the period 2014–2017, will be paid by Cassa per i Servizi Elettrici Ambientali (CSEA) in five annual instalments of an equal amount.

The positive effects related to the Resolution 548/2017, both earlier and current, are still being assessed, as the terms for appeal on the Resolution by third parties are still pending.

Renewal with increase of the EMTN (Euro Medium Term Notes) programme

On 26 September 2017, IREN S.p.A.'s Board of Directors deliberated on the renewal of the issue of non-convertible bond loans programme, Euro Medium Term Notes Programme (EMTN), adopted on 16 October 2015 and already renewed last year, increasing the maximum amount of issuable bonds, also under the form of Green Bonds, totalling 2 billion euro. Recall that in this regard, between 2015 and 2016, bond loans were already issued for around 1 billion euro.

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

Income statement

IREN GROUP INCOME STATEMENT

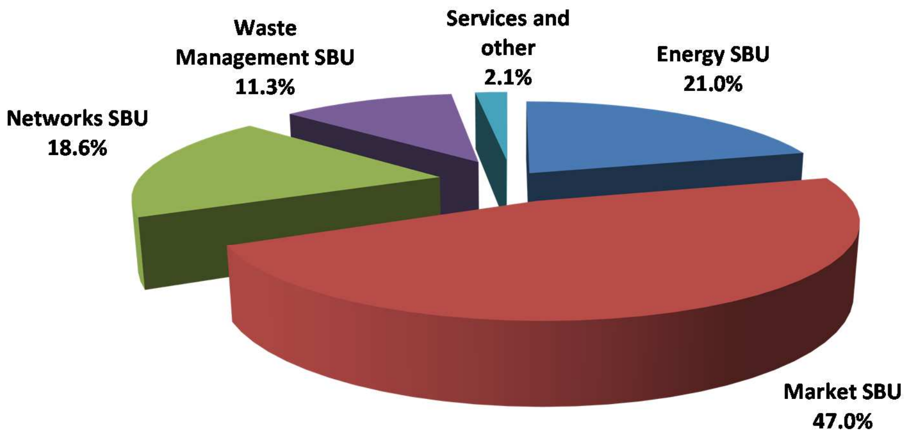
thousands of euro

	First 9 months 2017	First 9 months 2016 Restated (*)	Change %
Revenue			
Revenue from goods and services	2,428,060	2,059,446	17.9
Change in work in progress	(4,562)	12,368	(**)
Other income	190,903	156,554	21.9
Total revenue	**2,614,401**	**2,228,368**	**17.3**
Operating expense			
Raw materials, consumables, supplies and goods	(841,203)	(619,874)	35.7
Services and use of third-party assets	(837,230)	(743,040)	12.7
Other operating expenses	(62,819)	(55,679)	12.8
Capitalised expenses for internal work	19,649	15,829	24.1
Personnel expenses	(270,639)	(266,702)	1.5
Total operating expense	**(1,992,242)**	**(1,669,466)**	**19.3**
GROSS OPERATING PROFIT (EBITDA)	**622,159**	**558,902**	**11.3**
Depreciation, amortisation, provisions and impairment losses			
Depreciation and amortisation	(233,528)	(220,780)	5.8
Provisions and impairment losses	(47,982)	(57,560)	(16.6)
Total depreciation, amortisation, provisions and impairment losses	**(281,510)**	**(278,340)**	**1.1**
OPERATING PROFIT (EBIT)	**340,649**	**280,562**	**21.4**
FINANCIAL INCOME AND EXPENSE			
Financial income	24,887	17,747	40.2
Financial expense	(84,698)	(96,214)	(12.0)
Total financial income and expense	**(59,811)**	**(78,467)**	**(23.8)**
Share of profit (loss) of associates accounted for using the equity method	4,450	(674)	(**)
Value adjustments on equity investments	8,572	16,694	(48.7)
Profit (loss) before tax	**293,860**	**218,115**	**34.7**
Income tax expense	(92,633)	(77,276)	19.9
Net profit (loss) from continuing operations	**201,227**	**140,839**	**42.9**
Net profit (loss) from discontinued operations	-	-	-
Net profit (loss) for the period	**201,227**	**140,839**	**42.9**
attributable to:			
- Profit (loss) - Group	179,546	126,178	42.3
- Profit (loss) - non-controlling interests	21,681	14,661	47.9

(*) As provided for in IFRS 3, with completion of the Purchase Price Allocation, the economic balances of the first nine months of 2016 were restated to take into account, at the date of acquisition, the definitive fair value of the acquired assets and liabilities of TRM Holding, TRM V, TRM, ATENA and ATENA Trading. For further details you are invited to read the paragraph entitled “Restatement of amounts at 31 December 2016 and 30 September 2016” in the section “Basis of preparation”.
(**) Change of more than 100%

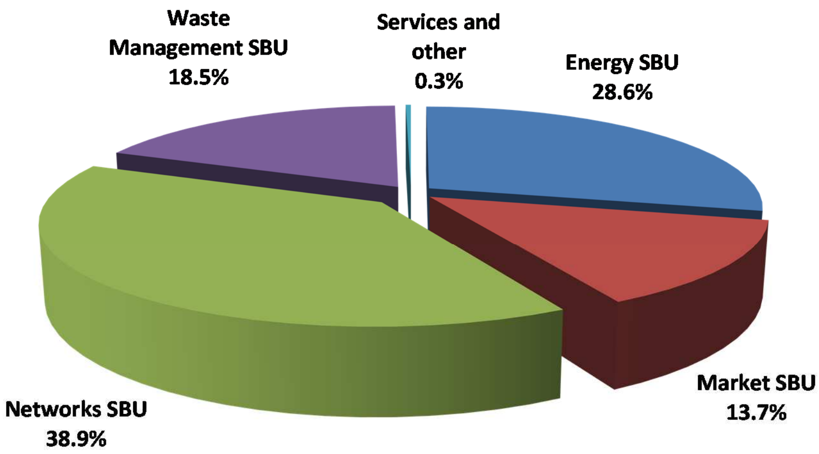
Revenue

At 30 September 2017, the Iren Group achieved revenue of Euro 2,614 million, up by +17.3% compared to the 2,228 million euro of the first nine months of 2016. The recorded increase was mainly due to the variation in electricity prices and to the higher quantities sold in addition to the expansion of the consolidation scope that from 1 January 2017 comprises of: the Atena Vercelli group (acquired as of May 2016), the integrated water services in the municipalities previously managed by Acque Potabili, REI, a company operating in waste disposal and Salerno Energia Vendite (consolidated from 1 May 2017).



Gross Operating Profit (EBITDA)

The gross operating profit (EBITDA) for the period amounted to 622 million euro, up by +11.3% compared to the 559 million euro in the corresponding period of 2016. All the business units contributed, to a different extent, to the improvement in the profit, with the sole exception of the Market business unit as a result of the particularly favourable conditions of the scenario which characterised the electricity market in 2016 and did not occur in the course of 2017.



Operating profit (EBIT)

Operating profit (EBIT) totalled 341 million euro, an improvement of +21.0% compared to the figure of 281 million euro in the first nine months of 2016 restated. The gross operating profit (EBITDA) trend was partially absorbed by higher amortisations and depreciations for around 13 million euro, in part offset by lower provisions and impairment losses of around 10 million euro.

Financial income and expense
The economic components of a financial nature showed a balance of net financial expenses of 59.8 million euro (78.5 million euro in the first nine months of 2016). The significant reduction compared to the comparative period (-23.8%) was the result, on the one hand, of the decrease in the average cost of debt and of indebtedness, and on the other hand, of the lower impact of discounting provisions, influenced by the trend in interest rates, as well as the change in fair value regarding certain minor hedging derivative positions not in hedge accounting.

Share of Profit (loss) of associates accounted for using the equity method
The result of associates accounted for using the equity method amounted to € +4.4 million euro (€ -0.7 million in the first nine months of 2016). The positive change between the periods in question (+5.1 million euro) is mainly due to the results of the ASTEA Group, influenced by the capital gain realised from the transfer of control of the commercial company and the profit of the ASA Group, partly offset by the change in the results of other companies carried at equity.
During the comparative period the item included the pro-rata result of ATENA, fully consolidated starting from May 2016.

Value adjustments on equity investments
The item was positive (+8.6 million euro) and refers to the restatement at fair value, at the date the controlling stake was acquired, of the non-controlling interest held in Salerno Energia Vendite.
In the first nine months of 2016 the item amounted to +16.7 million euro and included, on the one hand, the effect of restating the fair value of the non-controlling interest held at 31 December 2015 in TRM V. on the basis of the acquisition value of the controlling stake (10.5 million euro) and, on the other, the difference between the fair value of the net assets of the ATENA Group acquired and the purchase cost (6.2 million euro).

Profit (loss) before tax
As a result of the above trends the consolidated profit (loss) before tax came out at € 293.9 million, up on the 218.1 million euro recorded in the first nine months of 2016 (+34.7%).

Income tax expense
Income tax expense for the period amounted to 92.6 million euro, up by 19.9% compared to same period of 2016 in relation to the higher pre-tax profit. The effective tax rate was 31.5% (35.4% in the corresponding period) and represents an estimate, as of today, of the proportion of the cost of taxes for 2017. The reduction in the tax rate was due above all to the nominal IRES rate that came down from 27.5% to 24% starting from 01 January 2017, pursuant to the 2016 Stability Law.

Net profit (loss) for the period
Net profit (loss) for the period amounted to 201.2 million euro, a significant increase (+42.9%) with respect to the profit of the first nine months of 2016, which amounted to 140.8 million. The figure is due to the Group's profit of 179.5 million euro, while profit attributable to third-party investments amounted to 21.7 million - both components register an increase with regards to the comparative period.

Statement of Financial Position

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF THE IREN GROUP

thousands of euro

	30.09.2017	31.12.2016 Restated (*)	Change %
Non-current assets	5,245,577	5,232,897	0.2
Other non-current assets (liabilities)	(171,876)	(148,513)	15.7
Net Working Capital	213,233	170,991	24.7
Deferred tax assets (liabilities)	61,602	57,899	6.4
Provisions for risks and employee benefits	(548,234)	(561,622)	(2.4)
Assets (Liabilities) held for sale	298	2,498	(88.1)
Net invested capital	**4,800,600**	**4,754,150**	**1.0**
Shareholders' equity	2,422,672	2,297,043	5.5
Non-current financial assets	*(49,865)*	*(49,950)*	*(0.2)*
Non-current financial debt	*2,889,898*	*2,967,471*	*(2.6)*
Non-current net financial debt	2,840,033	2,917,521	(2.7)
Current financial assets	*(764,727)*	*(860,245)*	*(11.1)*
Current financial debt	*302,622*	*399,831*	*(24.3)*
Current net financial debt	(462,105)	(460,414)	0.4
Net financial debt	2,377,928	2,457,107	(3.2)
Own funds and net financial debt	**4,800,600**	**4,754,150**	**1.0**

(*) As provided for in IFRS 3, with completion of the Purchase Price Allocation, the financial balances at 31 December 2016 were restated to take into account, at the date of acquisition, the definitive fair value of the acquired assets and liabilities of ATENA and ATENA Trading. For further details you are invited to read the paragraph entitled "Restatement of amounts at 31 December 2016 and 30 September 2016" in the section "Basis of preparation".

The main changes in the statement of financial position for the first nine months of 2017 are commented on below.
Non-current assets at 30 September 2017 amounted to 5,246 million euro, substantially in line compared to 31 December 2016, when they amounted to 5,233 million euro (+12 million euro). The change is mainly the result of technical investments in the period (+200 million euro), depreciation and amortisation (-234 million euro), changes in the ETS portfolio (-7 million euro), the acquisitions of 45% of GAIA -the waste Management segment company of the Province of Asti- (+15 million euro) and the assets of the business unit related to water service concessions acquired by Acque Potabili S.p.A. (+25 million euro), besides the assets acquired following the consolidation of Salerno Energia Vendite, mainly referred to goodwill (16 million euro).
For segment details on technical investments in the period, reference should be made to the section "Segment Reporting" below.
The item "Other non-current assets (liabilities)" shows a net balance of -172 million euro; the change with respect to 31 December 2016, of -23 million, is due to the registration of long-term deferred income on grants for plant facilities received in the period, relative to the water sector. This is in addition to the collection of credits relative to the reimbursement of the amounts paid as interest at the moment of recovery of State Aid.
The Net Working Capital was 213 million euro (171 million euro at 31 December 2016); the increase (+24.7%) was substantially due to the changes in the balances related to environmental certificates and trade components, partially offset by taxes and excises in the period as well as by equalisation collections.
"Provisions for Risks and Employee Benefits" came out, however, at 548 million euro; the item decreased compared to the 562 million euro of 31 December 2016 following the utilisations and adjustments of estimates higher than the provisions set aside in the period.
Shareholders' Equity amounts to 2,423 million euro, up by 5.5% compared to 31 December 2016 (2,297 million euro), essentially as a result of the effect of the profit for the period and the increase in the reserves, including minorities, following the consolidation of Salerno Energia Vendite, net of dividends distributed.
Net financial debt for 2,378 million euro, recorded a drop (79 million euro, equal to 3.2%) compared to 31 December 2016, due mainly to the positive contribution of cash flows from operational management, which are detailed in the statement of cash flows presented below.

CASH FLOW STATEMENT OF THE IREN GROUP

Change in net financial debt

The statement below details the movements in the Group's net financial debt during the first nine months of 2017.

thousands of euro

	First 9 months 2017	First 9 months 2016 Restated (*)	Change %
A. Opening Net financial (debt)	**(2,457,107)**	**(2,169,369)**	**13.3**
Cash flows from operating activities			
Profit (loss) for the period	201,227	140,839	42.9
Adjustments for non-financial movements	437,371	432,962	1.0
Utilisations of employee benefits	(4,447)	(7,393)	(39.8)
Utilisations of provisions for risks and other charges	(19,536)	(17,756)	10.0
Change in other non-current assets and liabilities	17,480	(1,390)	(**)
Other financial changes	(9,484)	(2,906)	(**)
Taxes paid	(61,777)	(31,937)	93.4
B. Cash flows from operating activities before changes in NWC	**560,834**	**512,419**	**9.4**
C. Cash flows from changes in NWC	**(121,211)**	**(119,871)**	**1.1**
D. Cash flows from /(used in) operating activities (B+C)	**439,623**	**392,548**	**12.0**
Cash flows from /(used in) investing activities			
Investments in intangible assets, property, plant and equipment and investment property	(200,248)	(156,552)	27.9
Investments in financial assets	(15,175)	(3,666)	(**)
Proceeds from the sale of investments and changes in assets held for sale	3,343	7,477	(55.3)
Changes in consolidation scope	(10,127)	(436,873)	(97.7)
Dividends received	3,929	7,099	(44.7)
E. Total cash flows from /(used in) investing activities	**(218,278)**	**(582,515)**	**(62.5)**
F. Free cash flow (D+E)	**221,345**	**(189,967)**	**(**)**
Cash flows from /(used in) financing activities			
Dividends paid	(89,364)	(86,698)	3.1
Interest paid	(48,024)	(53,783)	(10.7)
Interest received	11,589	12,011	(3.5)
Change in fair value of hedging derivatives	6,659	(4,441)	(**)
Other changes	(23,026)	(30,991)	(25.7)
G. Total cash flows from /(used in) financing activities	**(142,166)**	**(163,902)**	**(13.3)**
H. Change in net financial (debt) (F+G)	**79,179**	**(353,869)**	**(**)**
I. Closing Net financial (debt) (A+H)	**(2,377,928)**	**(2,523,238)**	**(5.8)**

(*) As provided for in IFRS 3, with completion of the Purchase Price Allocation, the presentation of the cash flows of the first nine months of 2016 was restated to take into account, at the date of acquisition, the definitive fair value of the acquired assets and liabilities of TRM Holding, TRM V, TRM, ATENA and Atena Trading. For further details you are invited to read the paragraph entitled "Restatement of amounts at 31 December 2016 and 30 September 2016" in the section "Basis of preparation".
(**) Change of more than 100%

The decrease in net financial debt derives mainly from the free cash flow of the period (+221 million euro), higher than the flows deriving from financing activity (-142 million euro), the latter including the payment of dividends that occurred in the period. In particular, the free cash flow derives from the combined effect of the following determinants:

- operating cash flow of 440 million euro; higher than that registered in the first nine months of 2016;
- cash flow from investing activity, a negative 218 million euro which, besides the technical investments of the period, includes the capital increase in GAIA (15 million euro) and, in the item "Changes in consolidation scope", the acquisition of the net assets of the business unit from Acque Potabili.

The free cash flow in the first nine months of 2016 of -190 million euro included the effect of the operation to acquire control over TRM, in the item "Changes in consolidation scope", which had absorbed the positive net cash flows of the period. We can note finally that 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:

- Energy (Hydroelectric Production, Combined Heat and Power, District Heating Networks, Thermoelectric Production)
- Market (Sale of electricity, gas, heat)
- Networks (Electricity Distribution Networks, Gas Distribution Networks, Integrated Water Service)
- Waste Management (Waste collection and disposal)
- Other services (Public Lighting, Global 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 the Italian north-west 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 business segment and compared to the figures of the first 9 months of 2016 restated.
In the first nine months of 2017 non-regulated activities contributed to the formation of gross operating profit (EBITDA) for 27%, a decrease on the figure for the corresponding period of 2016; regulated activities accounted for 46% (45% in 2016), while semi-regulated activities went up from 26% in 2016 to 28% in 2017.

Energy SBU

At 30 September 2017, the revenue of the period totalled 755 million euro, up by +38.0% compared to 547 million euro in the corresponding period of 2016.

			First 9 months 2017	First 9 months 2016	Δ %
Revenue		€/mln	755	547	38.0%
Gross Operating Profit (EBITDA)		€/mln	178	140	27.2%
EBITDA Margin			*23.5%*	*25.5%*	
Operating Profit (EBIT)		€/mln	88	52	70.7%
Investments		€/mln	38	25	49.1%
Electricity produced		GWh	6,365	5,612	13.4%
	from hydroelectric sources	*GWh*	950	999	-4.9%
	from cogeneration sources	*GWh*	4,336	3,391	27.9%
	from thermoelectric sources	*GWh*	1,079	1,222	-11.7%
Heat produced		GWh_t	1,761	1,610	9.4%
	from cogeneration sources	GWh_t	1,549	1,373	12.9%
	from non-cogeneration sources	GWh_t	212	238	-10.8%
District heating volumes		Million m^3	86	82	4.7%

At 30 September 2017 electricity produced was 6,365 GWh, up by 13.4% compared to the 5,612 GWh in the same period of 2016, as a result of higher thermoelectric production at the thermoelectric cogeneration plants.

In particular, total thermoelectric production was 5,415 GWh, of which 4,336 GWh from cogeneration sources, up by 27.9% compared to the 3,391 GWh of the first nine months of 2016 and 1,079 GWh from thermoelectric sources in the strict sense, down by 11.7% compared to the 1,222 GWh of the corresponding period of 2016.
Hydroelectric production was 950 GWh, down by 4.9% compared to 999 GWh in the corresponding period of 2016.
Heat production in the period amounted to 1,761 GWht up by 9.4% compared to the 1,610 GWht of the first nine months of the previous year, as a result of a more favourable thermal season compared to the particularly mild season in financial year 2016 and the increase in volumes connected. Overall district heating volumes amounted to approximately 86 million m³ up by 4.7% compared to the 82 million m³ of at 30 September 2016.

Gross operating profit (EBITDA) amounted to 178 million euro, up (27.2%) on the 140 million euro of the corresponding period of 2016.
This improvement is mainly due to the positive trend that characterised all electricity production segments (hydroelectric, cogeneration and thermoelectric), chiefly sustained by a generalised increase of unitary margins in the face of increased Cogeneration and a slight decrease in hydroelectric and thermoelectric production. The positive trend outlined above was partly absorbed by the lower unitary margins of heat production, partially offset, however, by the higher volumes of heat produced.

The operating profit (EBIT) of the Energy segment totalled 88 million euro, an improvement of 70.7% compared to the 52 million euro of the corresponding period of 2016. The gross operating profit (EBITDA) trend was characterised by a slight increase in amortisation and depreciation, while lower provisions for charge risks and lower impairment losses in energy certificates substantially counterbalance lower releases of provisions compared to the corresponding period of 2016.

Market SBU

At 30 September 2017 the revenue of the segment amounted to 1,689 million euro, up (+15.1%) from the 1,467 million euro in the corresponding period of 2016. As of May 2016, the consolidation scope of the Market SBU includes Atena Trading, a company operating in the Province of Vercelli, and as of May 2017 the company Salerno Energia Vendite (SEV), operating mainly in Grosseto and Salerno.

Gross operating profit (EBITDA) amounted to 85 million euro and was down 12.6% compared to the 97 million euro recorded in the first nine months of 2016. The decrease in the margin is attributable to the sale of electricity (-55.1%), inasmuch as 2016 provided particularly positive conditions for the energy scenario that were not replicable. This difference was only partially compensated by the positive trend in gas sales (+16.6%).

Operating profit (EBIT) amounted to 47 million euro, down (-11.9%) from the figure of 53 million euro in the corresponding period of 2016. The negative trend of the gross operating profit (EBITDA) is due to lower provisions for impairment of receivables for roughly 8 million euro, only partially absorbed by greater amortisation and depreciation for around 2 million euro.

			First 9 months 2017	First 9 months 2016	Δ %
Revenue		€/mln	1,689	1,467	15.1%
Gross Operating Profit (EBITDA)		€/mln	85	97	-12.6%
EBITDA Margin			*5.0%*	*6.6%*	
	from Electricity	*€/mln*	20	44	-55.1%
	from gas	*€/mln*	63	54	16.6%
	from Other sales services	*€/mln*	2	0	(*)
Operating Profit (EBIT)		€/mln	47	53	-11.9%
Investments			15	12	22.1%
Electricity Sold		GWh	6,920	7,354	-5.9%
Gas purchased		Million m^3	2,084	1,796	16.1%
	Gas sold by the Group	Million m^3	773	620	24.6%
	Gas for internal use	Million m^3	1,111	978	13.6%
	Gas in storage	Million m^3	200	198	1.2%

(*) Change of more than 100%

Sale of electricity

The volumes of electricity sold amounted to 6,920 GWh (net of pumping, network leaks and dedicated withdrawals) down by 5.9% compared to the 7,354 GWh of the first nine months of the previous year.
The drop is attributable almost solely to sales on the market carried out as from 01 April 2016 directly by the Energy BU, following a reorganisation of the Energy Management business.
Net of this organisational event, volumes sold on the free market, including the segments of business and retail customers and wholesalers, amounted to a total of 6,431 GWh, up 21.0% compared to the 5,316 GWh of the same period of 2016, and this is also due to the change in the scope related to the entry of Atena Trading as from May 2016 and of SEV as from May 2017. In particular, sales regarding business customers amounted to 3,283 GWh, increasing by 49.1% compared to the 2,202 GWh in the previous corresponding period, and sales in the retail customer segment amounted to 1,142 GWh, +14.2% compared to the 1,000 GWh of the nine months in 2016. Decreasing by 5.1%, however, was the wholesaler segment, with sales registering at 2,006 GWh.

The protected market amounted to 412 GWh, down by 13.7% compared to 477 GWh in the corresponding period of 2016.
The gross operating profit (EBITDA) of the sale of electricity amounted to 20 million euro, down compared to 44 million euro in the first nine months of 2016. The trend of the gross operating profit (EBITDA) was characterised by a sharp drop of the first margin of the free market owing mainly to a particularly unfavourable energy scenario characterised by a short-term increase in the costs of procuring electricity. These effects were partially offset by the higher quantities sold and the increase in the marketing components. The protected market also presented a negative trend, where the increase linked to marketing components only partially compensated the extraordinary positive effects that characterised the 2016 period.

Sale of Natural Gas

The volumes purchased amounted to 2,084 million m^3, up by 16.1% compared to the 1,796 million m^3 of the corresponding period of 2016. The gas sold by the group amounted to 773 million m^3, up by +24.6% compared to the 620 million m^3 of the first period of 2016, while internal consumption was 1,111 million m^3 up by 13.6% compared to the 978 million m^3 of the nine months of 2016.

Gross operating profit (EBITDA) of gas sales amounted to 63 million euro, up (+16.6%) compared to the 54 million euro recorded in the first nine months of 2016. The increase was mainly due to the better procurement conditions guaranteed by the use of storage and to the contribution of Atena Trading consolidated starting from May 2016.

Sales of other services

Heat sales and other services presented an operating profit of 2 million euro.

Networks SBU

At 30 September 2017 the business segment of Network activities, which comprises the businesses of Gas Distribution, Electricity and the Integrated Water Service, recorded revenue of 668 million euro, up by 13.0% compared to the corresponding period in 2016, in which it was 591 million euro. The increase in revenue is attributable mainly to entry into the consolidation scope of Atena as of May 2016 and the completion the acquisition of the business unit of Acque Potabili from 1 January 2017.

Gross operating profit (EBITDA) amounted to 242 million euro, up +10.2% on the 219 million euro of the comparative period.

The net operating profit (EBIT) of the sector amounted to 142 million euro, up by 13.6% compared to 125 million euro in the first nine months of 2016. The positive trend of gross operating profit (EBITDA) was partially compensated by greater amortisation and depreciation, which in turn were partially compensated by higher release of funds and lower allocation to provisions for risks.

The main changes in gross operating profit for the segments concerned are illustrated below.

		First 9 months 2017	First 9 months 2016	Δ %
Revenue	€/mln	668	591	13.0%
Gross Operating Profit (EBITDA)	€/mln	242	219	10.2%
EBITDA Margin		*36.2%*	*37.1%*	
from Electricity Networks	*€/mln*	*53*	*51*	*5.3%*
from gas networks	*€/mln*	*60*	*56*	*6.5%*
from Integrated Water Service	*€/mln*	129	113	*14.3%*
Operating Profit (EBIT)	€/mln	142	125	13.6%
Investments	€/mln	120	97	23.9%
in Electricity Networks	*€/mln*	*19*	*19*	*-4.0%*
in Gas Networks	*€/mln*	*29*	*25*	*15.0%*
in Integrated Water Service	*€/mln*	72	52	38.6%
Electricity distributed	GWh	3,197	3,061	4.4%
Gas introduced into the network	Million m^3	851	795	7.1%
Water sold	Million m^3	134	126	6.3%

Networks SBU - Electricity

The gross operating profit (EBITDA) amounted to 53 million euro, up by +5.3% compared to the nine months of 2016.
The positive change in the margin should be attributed to lower operating expenses and to Atena's consolidation scope, which allowed for the absorption of higher expenses related to Energy efficiency certificates (EECs) and other residual negative income components.
During the period investments for 19 million euro were made, mainly related to new connections, 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 by 6.5% compared to 56 million euro in the first nine months of 2016. The increase in the margin was mainly due to the higher constraint revenue, to operating synergies and the change in the consolidation scope deriving from Atena only partially offset by the higher costs related to energy efficiency certificates (EECs).
Investments made in the period amounted to 29 million euro and regarded the provisions of AEEGSI resolutions, in particular making the network compliant with cathodic protection, the installation of electronic meters and replacement of grey cast iron pipes.

Networks SBU - Water Cycle

The gross operating profit (EBITDA) for the period amounted to 129 million euro, up by 14.3% compared to 113 million euro in the first nine months of 2016. The increase in the margin should be chiefly attributed to the accounting of tariff adjustments, as well as to the synergies and rationalisations of operating expenses and to the variation of the consolidation scope deriving from the acquisition of the business units of Acque Potabili and Atena. These positive management trends allowed for greater compensation of derecognition of contingent assets for insurance reimbursements in the first nine months of 2016, therefore not replicable.

Investments in the period totalled 72 million euro and concerned the construction, development and maintenance of distribution networks and plants, the sewerage network and in particular water treatment plants.

Waste Management SBU

At 30 September 2017, turnover for the sector amounted to 408 million euro, up 6.8% from the 382 million euro in the first nine months of 2016. The increase is due to higher revenue from waste collection and brokering, the higher electricity revenue of the disposal hubs and the effect of Atena S.p.A. entering the consolidation scope from May 2016 and of REI from 01 January 2017.

		First 9 months 2017	**First 9 months 2016**	**Δ %**
Revenue	€/mln	408	382	6.8%
Gross Operating Profit (EBITDA)	€/mln	116	96	20.8%
EBITDA Margin		*28.3%*	*25.0%*	
Operating Profit (EBIT)	€/mln	62	45	36.9%
Investments	€/mln	13	13	2.6%
Electricity sold	GWh	384	366	4.8%
Thermal energy produced	GWh_t	117	114	2.2%
Waste managed	tonnes	*1,470,994*	1,389,223	5.9%
Emilia area separate waste collection	%	*69.3*	*68.3*	*1.4%*
Turin area separate waste collection	%	*44.4*	*42.6*	*4.2%*

Gross operating profit (EBITDA) of the sector amounted to 116 million euro, up 20.8% on the 96 million euro of the corresponding period of 2016. The increase is due to the accounting of revenue from the effect of full recognition of disposal tariffs in the Emilia area, to the increase in collection revenue and, thanks to a positive energy scenario, to the increase in energy revenues for disposal hubs, chiefly influenced by electricity prices.

Atena's consolidation as of May 2016 and REI's as of 01 January 2017 contribute to the margin improvement.

The operating profit (EBIT) was 62 million euro, up 36.9% compared to the 45 million euro recorded in the corresponding period in 2016, restated. The positive trend in gross operating profit (EBITDA) was partially absorbed by higher depreciation, amortisation and provisions for impairment of receivables and other provisions that are partially compensated by higher provision releases.

The investments made in the period amounted to 13 million euro and refer to investments for maintenance of the various plants and investments in equipment and vehicles supporting waste collection based on the door-to-door and separation method.

Services and other

At 30 September 2017, revenue totalled 77 million euro, up by 66.0% compared to the 46 million euro in the corresponding period of 2016. The activities performed are related to public lighting, traffic lights, heating systems management and other minor activities.

		First 9 months 2017	First 9 months 2016	Δ %
Revenue	€/mln	77	46	66.0%
Gross Operating Profit (EBITDA)	€/mln	2	7	-70.2%
EBITDA Margin		*2.7%*	*15.2%*	
Operating Profit (EBIT)	€/mln	1	5	-76.0%
Investments	€/mln	14	9	53.6%

(*) Change of more than 100%

Gross operating profit (EBITDA) at 2 million euro was down compared to the 7 million euro in the first nine months of 2016.

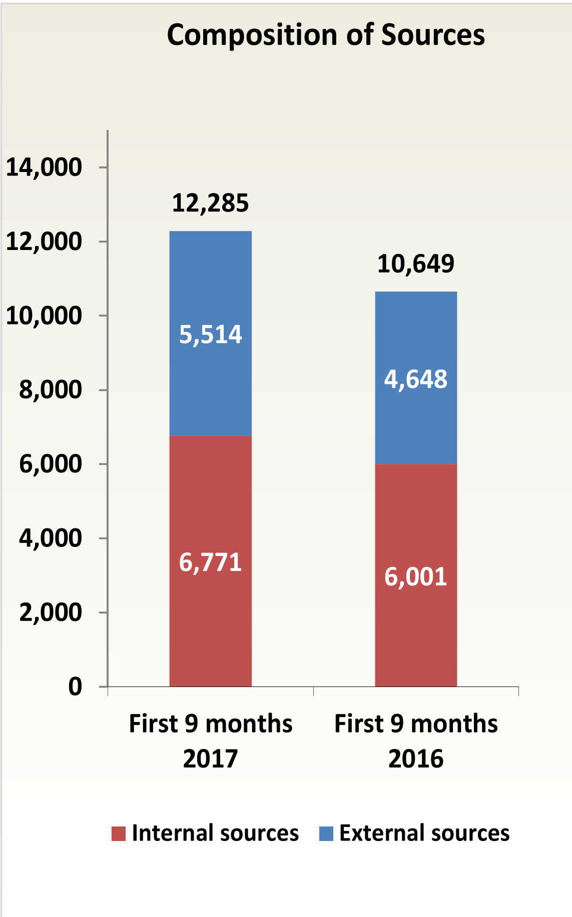
The reduction was mainly due to the margins on extraordinary projects associated with public lighting and traffic lights which had characterised the corresponding period of 2016 and were not replicable.

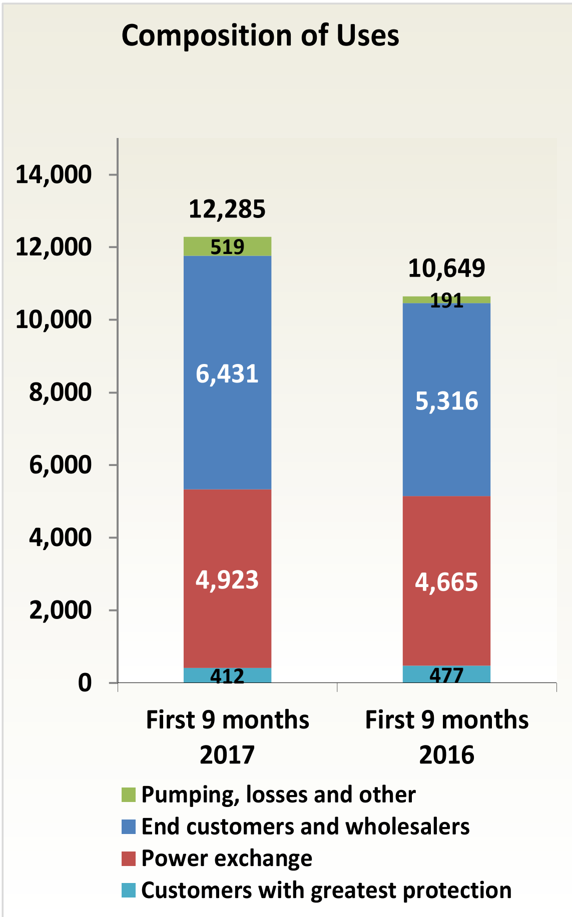
Investments in the period amounted to 14 million euro and related largely to information technology and telecommunications.

ENERGY BALANCES

Electricity balance sheet

GWh	First 9 months 2017	First 9 months 2016	Changes %
SOURCES			
The Group's gross production	6,771	6,001	12.8
a) Hydroelectric	*950*	*999*	*(4.9)*
b) Cogeneration	*4,336*	*3,391*	*27.9*
c) Thermoelectric	*1,079*	*1,222*	(11.7)
d) Production from WTE plants and landfills	*406*	*389*	4.4
Purchases from *Acquirente Unico* [Single Buyer]	435	501	(13.2)
Energy purchased on the Power Exchange	3,234	2,452	31.9
Energy purchased from wholesalers and imports	1,845	1,695	8.8
Total Sources	**12,285**	**10,649**	**15.4**
USES			
Sales to protected customers	412	477	(13.6)
Sales on the Power Exchange	4,923	4,666	5.5
Sales to eligible final customers and wholesalers	6,431	5,316	21.0
Pumping, distribution losses and other	519	190	173.2
Total Uses	**12,285**	**10,649**	**15.4**

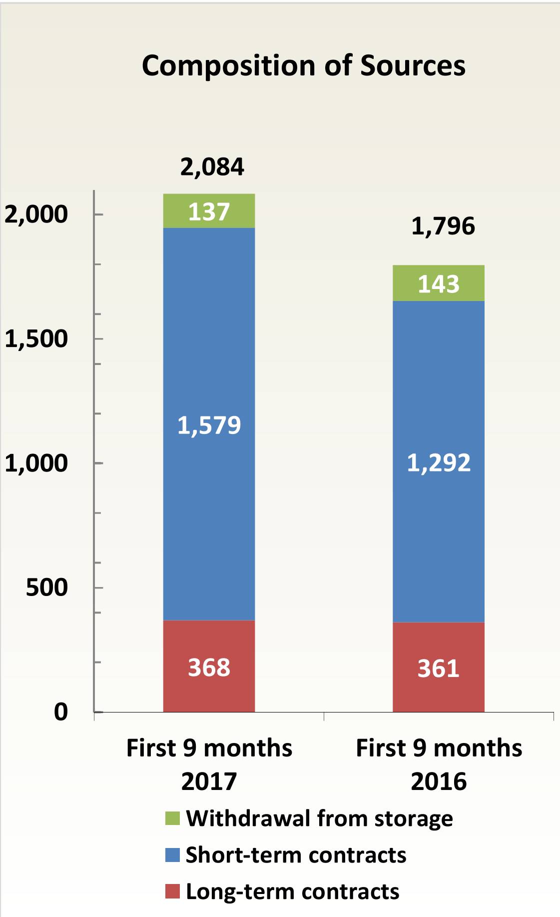


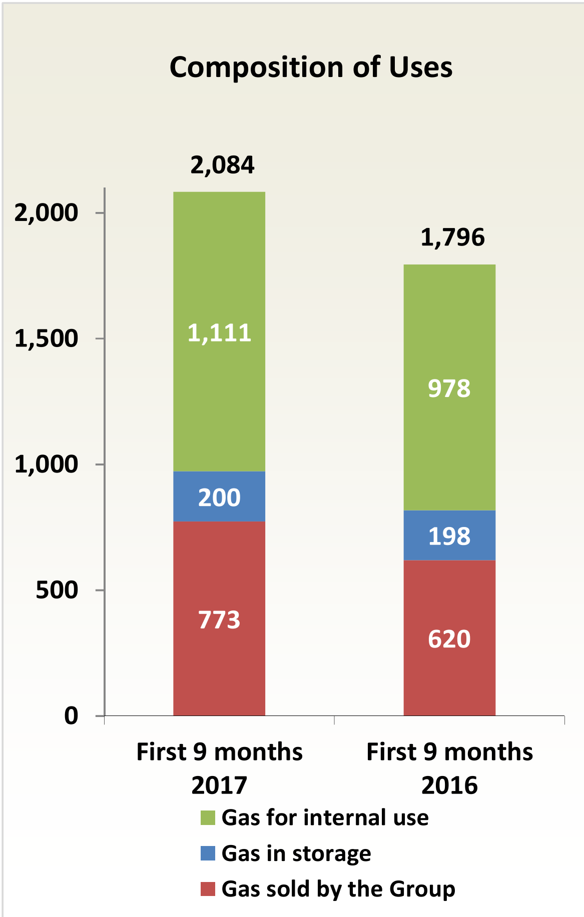


Gas Production

Gas Production Millions of m³	First 9 months 2017	First 9 months 2016	Changes %
SOURCES			
Long-term contracts	368	361	1.9
Short- and medium-term contracts	1,579	1,292	22.2
Withdrawals from storage	137	143	(4.2)
Total Sources	**2,084**	**1,796**	**16.0**
USES			
Gas sold by the Group	773	620	24.6
Gas for internal use (1)	1,111	978	13.6
Gas in storage	200	198	1.0
Total Uses	**2,084**	**1,796**	**16.0**

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





FINANCIAL MANAGEMENT

General framework

During the first nine months of 2017, the downward trend of interest rates remained for the short-term part of the rate curve, while the medium/long-term part saw great volatility in a scenario that has an upward trend.

The latest intervention by the European Central Bank refers to the cut in rates in March 2016. The current rate is 0%. Examining the trend in the six-month Euribor rate we can note that the parameter that has been in negative territory since November 2015, continued on the trend of slow but progressive decline to the current levels of -0.27%. The quotation of fixed rates, reflected in the 5- and 10-year IRS figures, since the last quarter of 2016 has come back almost to the levels of the beginning of 2016.

Activities performed

During the first nine months of 2017, 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.

Financial debt at the end of the period is made up 56% of loans and 44% of bonds.

Moving on to discuss in detail the financing transactions completed in the first nine months of 2017, we can note, as detailed in the "Significant events of the period", the new funding contract with the European Investment Bank (EIB) for 75 million, for investments in the electricity distribution grid.

With this new funding, direct loans with the European Investment Bank, with a duration of up to 15 years, remaining unused and available total 285 million euro.

In September, as decided in the scope of liability management activities in 2016, the voluntary advance redemption of the Put Bonds in the portfolio took place, for a total amount of 182 million euro.

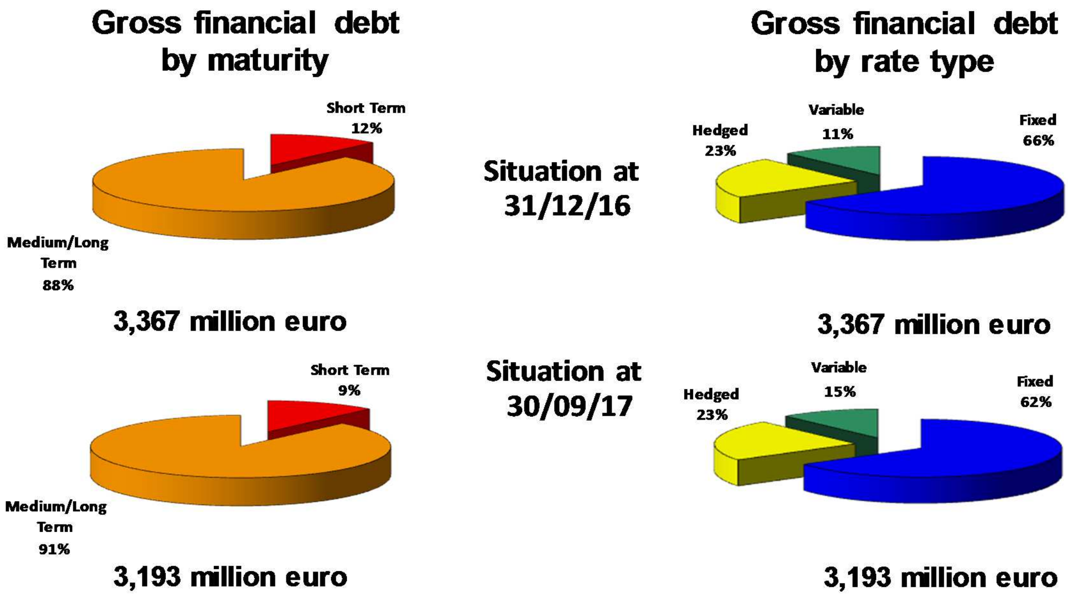
In October 2017 Iren S.p.A. completed with full success, for the third consecutive year, the placing of a bond issue, this year of the Green Bond type, for a benchmark amount of 500 million euro as part of the Euro Medium Term Notes (EMTN) Programme of 2 billion euro, as most recently renewed and increased by the Board of Directors on 26 September 2017.

As part of its Risk Management activities, the Group uses non-speculative hedging contracts to limit risk of fluctuations in the interest rate. In the period, new Interest Rate Swap contracts were not entered into.

At 30 September 2017, the portion of floating rate debt not hedged by exchange rate derivatives was 15% of gross financial debt, in line with the objective of the Iren Group which is to maintain adequate protection against significant increases in interest rates.

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 2016, is shown below.



Rating

In December 2016 the Fitch agency confirmed for the Iren Group a BBB- rating, with a stable outlook. The reasons for the "Investment Grade" rating are mainly associated with the balanced mix of its business portfolio between regulated and semi-regulated activities, the liquidity profile, the solid nature of its shareholding structure and the Group's strategy confirmed in the latest business plan oriented to greater efficiency, integration and debt reduction, as well as the positive result reported in the last 12–18 months.

In support of the liquidity risk indicators, in addition to the available lines for medium/long term funding referred to above, three-year committed credit lines were negotiated, which at the end of the period amounted to 140 million euro.

SIGNIFICANT SUBSEQUENT EVENTS

Green Bond and Tender Offer issues on bonds in the portfolio

As part of the EMTN Programme, as renewed and increased by the Board of Directors on 26 September, on 17 October 2017 Iren S.p.A. concluded a Green Bond issue (Fitch rating BBB) for a duration of 10 years and for a total amount of 500 million euro. In doing this, it completed a significant optimisation course for its financial profile, which allowed the Group to rebalance funding sources between the banking system and the financial market, and to carry out important liability management operations.

Green bonds represent an innovative instrument aimed at financing/refinancing environmentally sustainable projects. Specifically, the issue in question is connected to the refinancing of a series of Group projects which can be divided into four main categories: energy efficiency, renewable sources, waste cycle and waste recycling management efficiency and treatment of waste water. The list of projects financed by Green Bonds has been defined by IREN, and its compliance with precise environmental criteria is guaranteed by the external body DNV GL.

Green Bonds have a minimum unit price of 100,000 euro and mature on 24 October 2027, paying a gross annual coupon of 1.50%. They were placed at the issue price of 98.356%. The effective gross rate of return on maturity is 1.68%, corresponding to a yield of 85 basis points above the 10-year mid-swap rate. The settlement date is 24 October 2017, from which point the bonds will be listed on the regulated market of the Irish stock exchange, where the prospectus was filed, and on the ExtraMOT Borsa Italiana market, in the recently constituted segment dedicated to Green Bonds.

As a result of this issue, a liability management operation was put into effect, with the market launch of a Tender Offer on current company bonds that will mature between 2019 and 2022, in line with the events of October 2016. The repurchase was completed on 18 October 2017, reaching a nominal amount of 92 million euro, where the target amount was 150 million.

Consolidated
Financial Statements
at 30 september **2017**

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 principles were applied as those adopted for the previous year's statements, to which you are referred for a more ample discussion.

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 year end. Current liabilities are those for which settlement is envisaged during the Group's ordinary operating cycle or during the twelve months following year end.
The Income Statement is classified on the basis of the nature of 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 current accounts.

The consolidated 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.

SEASONALITY

The Iren Group's results for the period reflect the seasonality that is 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 31 DECEMBER 2016 AND 30 SEPTEMBER 2016

In January 2016, the Group acquired control over TRM Holding, TRM V and TRM, while in May 2016 it acquired control over ATENA and ATENA Trading.
For the acquisitions of TRM Holding, TRM V and TRM the definitive fair value of the identifiable assets acquired, and the identifiable liabilities assumed, was determined at the end of financial year 2016. Therefore, in the Interim Report at 30 September 2016 they were recognised provisionally, as permitted by IFRS 3.
For the acquisitions of ATENA and ATENA Trading the definitive fair value of the identifiable assets acquired, and the identifiable liabilities assumed, was determined during the first half of 2017. Therefore, in the Interim Report at 30 September 2016 and in the consolidated financial statements at 31 December 2016 they were recognised provisionally, as permitted by IFRS 3.

With completion of all the measurements at fair value required by IFRS 3 the value of certain identifiable assets acquired and of certain identifiable liabilities assumed recognised in the consolidated financial statements at 31 December 2016 and at 30 September 2016 was updated to reflect the better knowledge gained in the meantime.
On the basis of the provisions of IFRS 3, the amounts of fair value were updated with effect from the acquisition date and, therefore, all the changes were made on the statement of financial position of the Companies acquired at that date. The resulting balances in the consolidated financial statements at 31 December 2016 and 30 September 2016 were therefore restated to reflect the new values, and are presented in this report as comparison periods with respect to the data in the period of analysis.

CONSOLIDATION POLICIES

The consolidation scope includes subsidiaries, joint ventures and associates.

Subsidiaries
Entities are considered subsidiaries if the Group exercises control (as defined by IFRS 10 - *Consolidated Financial Statements*) over them. 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 non-controlling interests 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 income, but have rights to certain 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.

On 1 January 2017, two business combinations involving Group companies took effect, which did not change the consolidation scope, but did have an impact on the structure of the Group itself:

- Merger by incorporation of the subsidiary Iren Servizi e Innovazione S.p.A. into its parent Iren Energia S.p.A.;
- Merger by incorporation of the subsidiary Iren Gestioni Energetiche S.p.A. into its parent Iren Mercato S.p.A.

The 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 business Companies wholly held, directly or indirectly, by the Parent Company and at integrating/optimising the business processes/activities with uniform operating characteristics.

The full consolidation scope changed during the first nine months of 2017 following the acquisition of control, in May, over Salerno Energia Vendite, in which the Group formerly held a 36.8% stake through GEA Commerciale (100% Iren Mercato), by merger, incorporating GEA Commerciale into Salerno Energia Vendite.
After the operation described above, the shareholding structure of Salerno Energia Vendite is the following: Iren Mercato at 50%, Salerno Energia Holding at 48.8% and Gestione Servizi Comunali at 1.2%. The governance agreements made by the shareholders enable Iren Mercato to exercise control over the entity, managing its significant activities, exposing itself to the variable results deriving from its equity investment and using its decision-making power to determine the entity of these results.
Salerno Energia Vendite, measured at equity up to 30 April 2017, consequently came into the full consolidation scope starting from May 2017.
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 and the provisional fair value, at the acquisition date, of the identifiable assets acquired and the identifiable liabilities assumed, was allocated to goodwill.
We can note that, in line with the provisions of IFRS 3, the acquisition of control over Salerno Energia Vendite entailed the remeasurement of the previously held non-controlling interest, with the consequent recognition of an income of 8,628 thousand euro booked to the item "Value adjustments on equity investments".

Furthermore, on 1 January 2017 IRETI acquired a business unit owned by Acque Potabili S.p.A. comprising the assets, liabilities and related legal relationships regarding the integrated water service concessions in 31 municipalities in Northern Italy. The operation completes the rationalisation process that saw the concessions held by the latter being transferred to the shareholders SMAT S.p.A. and IRETI S.p.A.
The acquisition of the unit resulted in a change to the Group's scope of assets and liabilities. While awaiting the assessment to be carried out under the terms of IFRS 3 - *Business Combinations*, there is no difference between the purchase price and the carrying amount of the net assets acquired in continuity of values.

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

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

thousands of euro

	30.09.2017	31.12.2016 Restated (*)
BUSINESS		
Property, plant and equipment	3,392,596	3,465,628
Investment property	13,224	13,483
Intangible assets with a finite useful life	1,523,960	1,466,363
Goodwill	146,707	131,779
Investments accounted for using the equity method	161,981	148,473
Other equity investments	7,109	7,171
Non-current trade receivables	72,838	76,302
Non-current financial assets	49,865	49,950
Other non-current assets	43,805	54,954
Deferred tax assets	266,706	266,497
Total non-current assets	**5,678,791**	**5,680,600**
Inventories	104,264	94,952
Trade receivables	756,795	935,805
Current tax assets	55,170	21,242
Other receivables and other current assets	277,107	215,155
Current financial assets	645,118	606,561
Cash and cash equivalents	119,609	253,684
Total current assets	**1,958,063**	**2,127,399**
Assets held for sale	298	2,498
TOTAL ASSETS	**7,637,152**	**7,810,497**

(*) As provided for in IFRS 3, with completion of the Purchase Price Allocation, the financial balances at 31 December 2016 were restated to take into account, at the date of acquisition, the definitive fair value of the acquired assets and liabilities of ATENA and ATENA Trading. For further details please read the paragraph entitled "Restatement of amounts at 31 December 2016 and 30 September 2016" in the section "Basis of preparation".

thousands of euro

	30.09.2017	31.12.2016 Restated (*)
SHAREHOLDERS' EQUITY		
Equity attributable to owners of the Parent		
Share capital	1,276,226	1,276,226
Reserves and retained earnings (losses)	607,000	507,580
Net profit (loss) for the period	179,546	179,345
Total equity attributable to owners of the Parent	**2,062,772**	**1,963,151**
Non-controlling interests	359,900	333,892
TOTAL EQUITY	**2,422,672**	**2,297,043**
LIABILITIES		
Non-current financial liabilities	2,889,898	2,967,471
Employee benefits	131,121	132,927
Provisions for risks and charges	371,511	313,040
Deferred tax liabilities	205,104	208,598
Other payables and other non-current liabilities	215,681	203,467
Total non-current liabilities	**3,813,315**	**3,825,503**
Current financial liabilities	302,622	399,831
Trade payables	627,187	849,520
Other payables and other current liabilities	303,626	270,900
Current tax liabilities	104,971	32,695
Provisions for risks and charges - current portion	62,759	135,005
Total current liabilities	**1,401,165**	**1,687,951**
Liabilities related to assets held for sale	-	-
TOTAL LIABILITIES	**5,214,480**	**5,513,454**
TOTAL EQUITY AND LIABILITIES	**7,637,152**	**7,810,497**

CONSOLIDATED INCOME STATEMENT

thousands of euro

	First 9 months 2017	First 9 months 2016 Restated (*)
Revenue		
Revenue from goods and services	2,428,060	2,059,446
Change in work in progress	(4,562)	12,368
Other income	190,903	156,554
Total revenue	**2,614,401**	**2,228,368**
Operating expense		
Raw materials, consumables, supplies and goods	(841,203)	(619,874)
Services and use of third-party assets	(837,230)	(743,040)
Other operating expenses	(62,819)	(55,679)
Capitalised expenses for internal work	19,649	15,829
Personnel expenses	(270,639)	(266,702)
Total operating expense	**(1,992,242)**	**(1,669,466)**
GROSS OPERATING PROFIT (EBITDA)	**622,159**	**558,902**
Depreciation, amortisation, provisions and impairment losses		
Depreciation and amortisation	(233,528)	(220,780)
Provisions and impairment losses	(47,982)	(57,560)
Total depreciation, amortisation, provisions and impairment losses	**(281,510)**	**(278,340)**
OPERATING PROFIT (EBIT)	**340,649**	**280,562**
FINANCIAL INCOME AND EXPENSE		
Financial income	24,887	17,747
Financial expense	(84,698)	(96,214)
Total financial income and expense	**(59,811)**	**(78,467)**
Share of profit (loss) of associates accounted for using the equity method	4,450	(674)
Value adjustments on equity investments	8,572	16,694
Profit (loss) before tax	**293,860**	**218,115**
Income tax expense	(92,633)	(77,276)
Net profit (loss) from continuing operations	**201,227**	**140,839**
Net profit (loss) from discontinued operations	-	-
Net profit (loss) for the period	**201,227**	**140,839**
attributable to:		
- Profit (loss) - Group	179,546	126,178
- Profit (loss) - Non-controlling interests	21,681	14,661

(*) As provided for in IFRS 3, with completion of the Purchase Price Allocation, the economic balances of the first nine months of 2016 were restated to take into account, at the date of acquisition, the definitive fair value of the acquired assets and liabilities of TRM Holding, TRM V, TRM, ATENA and ATENA Trading. For further details please read the paragraph entitled “Restatement of amounts at 31 December 2016 and 30 September 2016” in the section “Basis of preparation”.

STATEMENT OF OTHER COMPREHENSIVE INCOME

thousands of euro

	First 9 months 2017	First 9 months 2016 Restated (*)
Profit/(loss) for the period - Owners of the parent and non-controlling interests (A)	**201,227**	**140,839**
Other comprehensive income to be subsequently reclassified to the Income Statement		
- effective portion of changes in fair value of cash flow hedges	7,247	(4,441)
- changes in fair value of available-for-sale financial assets	-	-
- share of other profits/(losses) of companies accounted for using the equity method	725	4,743
Tax effect of other comprehensive income	(1,285)	24
Total other comprehensive income to be subsequently reclassified to the Income Statement, net of tax effect (B1)	**6,687**	**326**
Other comprehensive income that will not be subsequently 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 not be subsequently reclassified to the Income Statement, net of tax effect (B2)	**-**	**-**
Total comprehensive income/(expense) (A)+(B1)+(B2)	**207,914**	**141,165**
attributable to:		
- Profit (loss) - Group	184,911	128,648
- Profit (loss) - Non-controlling interests	23,003	12,517

(*) As provided for in IFRS 3, with completion of the Purchase Price Allocation, the economic balances of the first nine months of 2016 were restated to take into account, at the date of acquisition, the definitive fair value of the acquired assets and liabilities of TRM Holding, TRM V, TRM, ATENA and ATENA Trading. For further details please read the paragraph entitled “Restatement of amounts at 31 December 2016 and 30 September 2016” in the section “Basis of preparation”.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Share capital	Share premium reserve	Legal reserve
31/12/2015	**1,276,226**	**105,102**	**39,360**
Legal reserve			6,225
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			
30/09/2016 Restated (*)	**1,276,226**	**105,102**	**45,585**
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	**1,276,226**	**105,102**	**49,998**

(*) As provided for in IFRS 3, with completion of the Purchase Price Allocation, the financial balances at 31 December 2016 were restated to take into account, at the date of acquisition, the definitive fair value of the acquired assets and liabilities of ATENA and ATENA Trading. For further details please read the paragraph entitled “Restatement of amounts at 31 December 2016 and 30 September 2016” in the section “Basis of preparation”.

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 Owners of the parent	Equity attributable to non-controlling interests	Shareholders' equity
(36,654)	**321,636**	**429,444**	**118,193**	**1,823,863**	**237,803**	**2,061,666**
		6,225	(6,225)	-		-
		-	(70,192)	(70,192)	(16,506)	(86,698)
	41,776	41,776	(41,776)	-		-
	3,770	3,770		3,770	101,568	105,338
	(1,286)	(1,286)		(1,286)		(1,286)
	(771)	(771)		(771)	11	(760)
2,470		2,470	126,178	128,648	12,517	141,165
			126,178	126,178	14,661	140,839
2,470	-	2,470		2,470	(2,144)	326
(34,184)	**365,125**	**481,628**	**126,178**	**1,884,032**	**335,393**	**2,219,425**
(8,421)	**365,314**	**507,580**	**179,345**	**1,963,151**	**333,892**	**2,297,043**
		4,413	(4,413)	-		-
		-	(79,764)	(79,764)	(9,600)	(89,364)
	95,168	95,168	(95,168)	-		-
	4,669	4,669		4,669	4,559	9,228
	154	154		154		154
	(10,349)	(10,349)		(10,349)	8,046	(2,303)
5,365		5,365	179,546	184,911	23,003	207,914
			179,546	179,546	21,681	201,227
5,365	-	5,365		5,365	1,322	6,687
(3,056)	**454,956**	**607,000**	**179,546**	**2,062,772**	**359,900**	**2,422,672**

CONSOLIDATED STATEMENT OF CASH FLOWS

thousands of euro

	First 9 months 2017	First 9 months 2016 Restated (*)
A. Opening cash and cash equivalents	**253,684**	**139,576**
Cash flows from operating activities		
Profit (loss) for the period	201,227	140,839
Adjustments:		
Income tax expense for the period	92,633	78,652
Share of profit (loss) of associates and joint ventures	(13,022)	(11,925)
Net financial expense (income)	59,811	78,467
Amortisation of intangible assets and depreciation of property, plant and equipment and investment property	233,528	220,780
Net impairment losses (reversals of impairment losses) on assets	246	4,868
Net provision for risk and other charges	64,462	63,533
Capital (gains) losses	(287)	(1,413)
Utilisations of employee benefits	(4,447)	(7,393)
Utilisations of provisions for risks and other charges	(19,536)	(17,756)
Change in other non-current assets and liabilities	17,480	(1,390)
Other financial changes	(9,484)	(2,906)
Taxes paid	(61,777)	(31,937)
B. Cash flows from operating activities before changes in NWC	**560,834**	**512,419**
Change in inventories	(12,906)	(12,500)
Change in trade receivables	182,627	132,826
Change in tax assets and other current assets	(61,712)	(55,155)
Change in trade payables	(257,928)	(197,842)
Change in tax liabilities and other current liabilities	28,708	12,800
C. Cash flows from changes in NWC	**(121,211)**	**(119,871)**
D. Cash flows from /(used in) operating activities (B+C)	**439,623**	**392,548**
Cash flows from /(used in) investing activities		
Investments in intangible assets, property, plant and equipment and investment property	(200,248)	(156,552)
Investments in financial assets	(15,175)	(3,666)
Proceeds from the sale of investments and changes in assets held for sale	3,343	7,477
Changes in consolidation scope	(10,127)	(436,873)
Dividends received	3,929	7,099
E. Total cash flows from /(used in) investing activities	**(218,278)**	**(582,515)**
F. Free cash flow (D+E)	**221,345**	**(189,967)**
Cash flows from /(used in) financing activities		
Dividends paid	(89,364)	(86,698)
New non-current loans	-	20,000
Repayment of non-current loans	(316,200)	(88,719)
Change in financial liabilities	120,744	418,255
Change in financial assets	(34,165)	13,198
Interest paid	(48,024)	(53,783)
Interest received	11,589	12,011
G. Total cash flows from /(used in) financing activities	**(355,420)**	**234,264**
H. Cash flows for the period (F+G)	**(134,075)**	**44,297**
I. Closing cash and cash equivalents (A+H)	**119,609**	**183,873**

(*) As provided for in IFRS 3, with completion of the Purchase Price Allocation, the economic balances of the first nine months of 2016 were restated to take into account, at the date of acquisition, the definitive fair value of the acquired assets and liabilities of TRM Holding, TRM V, TRM, ATENA and ATENA Trading. For further details please read the paragraph entitled "Restatement of amounts at 31 December 2016 and 30 September 2016" in the section "Basis of preparation".

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
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
Atena S.p.A.	Vercelli	Euro	120,812,720	59.97	IRETI
Atena Trading S.r.l.	Vercelli	Euro	556,000	100.00	Atena
Bonifica Autocisterne S.r.l.	Piacenza	Euro	595,000	51.00	Iren Ambiente
Consorzio GPO	Reggio Emilia	Euro	20,197,260	62.35	IRETI
Iren Acqua Tigullio S.p.A.	Chiavari (Genoa)	Euro	979,000	66.55	Iren Acqua
Immobiliare delle Fabbriche S.r.l.	Genoa	Euro	90,000	100.00	Iren Acqua
Iren Laboratori S.p.A.	Genoa	Euro	2,000,000	90.89	IRETI
Iren Acqua S.p.A.	Genoa	Euro	19,203,420	60.00	IRETI
Monte Querce S.c.a.r.l.	Reggio Emilia	Euro	100,000	60.00	Iren Ambiente
R.E.I. S.r.l.	Turin	Euro	50,000	100.00	Iren Ambiente
Salerno Energia Vendite S.p.A.	Salerno	Euro	3,312,060	50.00	Iren Mercato
TRM Holding S.p.A.	Turin	Euro	120,000	100.00	Iren Ambiente
TRM V. S.p.A.	Turin	Euro	1,000,000	49.00	Iren Ambiente
				51.00	TRM Holding
TRM S.p.A.	Turin	Euro	86,794,220	80.00	TRM V

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
Iren Rinnovabili S.p.A.	Reggio Emilia	Euro	285,721	70.00	Iren Ambiente
OLT Offshore LNG Toscana 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.A. de C.V.	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 S.p.A.
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
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. (1)	Reggio Calabria	Euro	2,225,694	25.00	IRETI
Fin Gas S.r.l.	Milan	Euro	10,000	50.00	Iren Mercato
G.A.I.A. S.p.A.	Asti	Euro	5,539,700	45.00	Iren Ambiente
Global Service Parma S.c.r.l.	Parma	Euro	20,000	30.00	IRETI
Iniziative Ambientali S.r.l.	Novellara (Reggio Emilia)	Euro	100,000	40.00	Iren Ambiente
Mestni Plinovodi d.o.o.	Koper (Slovenia)	Euro	15,952,479	49.88	IRETI
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. (1)	Gioia Tauro	Euro	1,719,322	25.00	IRETI
Plurigas S.p.A. (1)	Milan	Euro	800,000	30.00	Iren
Recos S.p.A.	La Spezia	Euro	3,516,000	25.50	Iren Ambiente
Rio Riazzone S.r.l. (2)	Castellarano (Reggio Emilia)	Euro	103,292	44.00	Iren Ambiente
Sinergie Italiane S.r.l. (2)	Milan	Euro	1,000,000	30.94	Iren Mercato
So. Sel. S.p.A.	Modena	Euro	240,240	24.00	IRETI
Tirana Acque S.c.a.r.l. (2)	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 classified among discontinuing operations

(2) Company in liquidation

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 2017 corresponds to the documentary records, books and accounting entries.

13 November 2017

IREN S.p.A.

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

Massimo Levrino

Iren S.p.A.
Via Nubi di Magellano, 30
42123 Reggio Emilia - Italy
www.gruppoiren.it