

IREN Group: the Board of Directors has approved the results at 30th September 2017 – Double digit percentage growth in economic performance and further reduction in net debt.

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Aiming at maximum efficiency, coupled with the ability to exploit significant external and internal growth options, are the main drivers of the double digit growth of all the key economic indicators reported in the first nine months of 2017: revenues +17%, EBITDA +11%, Net Profit +42.3%. These performances are part of the development path undertaken by the Group over the past 30 months and add up to a further decrease in net debt of 79 million

- **Revenues at 2,614.4 million euros (+17.3% compared to 2,228.4 million euros at 30/9/2016)**
- **Ebitda at 622.2 million euros (+11.3% against 558.9 million euros at 30/9/2016)**
- **Ebit at 340.6 million euros (+21.4% against 280.1 million euros at 30/9/2016)**
- **Group net profit at 179.5 million euros (+42.3% against 126.2 million euros at 30/9/2016).**
- **Net Financial Position at 2,378 million euros, down by approximately 79 million euros compared to 31 December 2016.**

Reggio Emilia, 13 November 2017 - The Board of Directors of IREN S.p.A. today approved the consolidated results at 30 September 2017.

Paolo Peveraro, Chairman of the Group declared: *“Attention to our customers, the responsible use of resources, respect for the environment and sustainable development represent the typical and distinctive features of IREN and allow us to look with great confidence to the future of our Group and to invest in innovative and sustainable solutions which are benefiting our stakeholders and the territories in which we operate.”*

*“The performance reported in the first nine months of the year continues the positive trend that characterized Group's results over the last 3 years, further confirming the goodness of the strategic choices made” – commented **Massimiliano Bianco, CEO of the Group**, who then added – “80% of the 11% increase in EBITDA derives from organic growth and synergies, thanks to the Group's ability to exploit significant opportunities offered by the scenario and to the continuous search for maximum efficiency that, this year, has led to the achievement of approximately 14 million euros synergies (in addition to 50 million already achieved in 2015 and 2016). The remaining growth is attributed to the M&A transactions closed in the last 12 months, which again demonstrate the Group's intention to play a leading role in the aggregation process within its reference territories”*

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IREN GROUP: CONSOLIDATED RESULTS AT 30 SEPTEMBER 2017

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Consolidated revenues in the first nine months of 2017 stand at 2,614.4 million euros, up 17.3% against 2,228.4 million euros in the same period of the previous year. This increase is linked to a strong growth in commodity prices and volumes

EBITDA is 622.2 million euros, +11.3% against 558.9.1 million euros in the first nine months 2016. This performance derives from the contribution of both unregulated and regulated/quasi-regulated activities. With regards to the unregulated activities, the energy value chain grew by 24 million euros thanks to the Group's ability in exploiting the flexibility of its generation plants portfolio and in implementing an effective hedging policy which made it possible to exploit the significant opportunities offered by the energy scenario. As far as the network-based business is concerned, the important growth is attributable to synergies achieved in the period, and higher allowed revenues. Finally, the contribution of the Waste sector was significant, thanks to an improved saturation of the disposal plants, allowing for higher energy recovery.

EBIT stands at 340.6 million euros, up 21.4% compared to 280.6 million euros at 30 September 2016. The excellent performance obtained at operating profit level more than counterbalances the greater amortization and depreciation charges due mainly to the change in scope of consolidation attributable to Atena and the residual concession of Società Acque Potabili, the latter purchased at the beginning of 2017.

Group net profit stands at 179.5 million euros, a strong increase (+42.3%) compared to 126.2 million euros reported in the first nine months of the last year. The significant EBIT performance, along with an improvement in financial charges and lower taxes (due to the decrease in IRES from 27.5% to 24.0%), underpin this significant growth.

Net financial position at 30 September 2017 is equal to 2,378 million euros, down 79 million euros compared to 31 December 2016, and it benefits from a robust cash flow which easily covered the investments for the period and the dividend payment related to 2016, equal to 89 million euros.

Gross technical investments in the period amount to 200.2 million euros. Strong growth compared to the same period 2016 (+28%)

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IREN GROUP: MAIN RESULTS BY BUSINESS AREA

(millions of euros)	30/09/2017	30/09/2016	Var. %
Revenues	2,614.4	2,228.3	17.3%
Electricity and district heating	755.2	547.1	38.0%
Market	1,689.1	1,467.5	15.1%
Networks (electricity, gas, and water infr.)	667.7	590.9	13.0%
Waste	408.3	382.3	6.8%
Services and other	77.0	46.4	66.0%
Netting and adjustments	-982.9	-805.8	21.9%
Gross Operating Profit	622.2	558.9	11.3%
Electricity and district heating	177.7	139.7	27.2%
Market	84.9	97.2	-12.6%
<i>Electricity</i>	19.7	43.8	-55.1%
<i>Gas and Heat</i>	65.3	53.4	22.3%
Networks	241.9	219.4	10.2%
<i>Electricity networks</i>	53.5	50.8	5.3%
<i>Gas networks</i>	59.6	55.9	6.5%
<i>Water networks</i>	128.8	112.7	14.3%
Waste	115.5	95.6	20.8%
Services and other	2.1	7.0	-70.2%
Operating Profit	340.6	280.6	21.4%
Electricity and district heating	88.1	51.6	70.7%
Market	47.0	53.4	-11.9%
Networks (electricity, gas, and water infr.)	142.3	125.3	13.6%
Waste	62.0	45.3	36.9%
Services and other	1.2	5.0	-76.0%

ENERGY (GENERATION AND DISTRICT HEATING)

Revenues of the sector amount to 755.2 million euros against 547.1 million euros reported in the first nine months of 2017 (+38.0%). The significant increase is attributable primarily to the commodity price trend in the Italian Power Exchange (+38.5%) together with higher volumes of electricity produced.

EBITDA of the sector is 177.7 million euros, up by 27.2% compared to what was reported at 30 September 2016. This performance continues the trend already reported in the last 12 months thanks to the contribution of all the generation sectors: first of all, the thermoelectric/co-generative sector, whose higher margins are mainly linked to an active management of the Group's plants, enabling exploitation of the opportunities offered by a particularly positive energy scenario, particularly in the first quarter of the year. The high electricity price had a positive impact also on the hydroelectric sector, more than offsetting the lower volumes produced.

In the first nine months of 2017, total **electricity** produced was 6,365 GWh, 13.4% up on 5,612 GWh in the previous year.

The main contribution to this result comes from the thermoelectric/co-generative sector, with an electricity production of 5,415 (+17.3%) offsetting the lower hydroelectric productions,



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equal to 950 Gwh, (-4.9%) due to lower water availability.

Heat production for district heating stands at 1,761 Gwh, a 9.4% growth compared to 2016 figures, thanks to an increase in heated volumes, which reached 86 million cubic meters.

At 30 September 2017 **gross investments** amounted to 37.7 million euros, mainly devoted to the cogeneration production sector.

MARKET

Revenues of the Market sector stand at 1,689.1 million euros, up by 15.1% on 1,467.5 million euros reported in the first nine months of 2016: this stemmed primarily from the above-mentioned trend in commodity prices and from higher volumes of electricity and gas sold.

EBITDA of the sector is 84.9 million euros, a -12.6% decrease compared to 97.2 million euros reported at 30 September 2016. This derives chiefly from the electricity sale sector, which was impacted by a commodity price trend that, overall favoured the entire Group's energy value chain, but disadvantaged the specific sector because of the increase in commodity purchase prices (volatility conditions which are unlikely to recur in the second part of the year). This trend has been partially offset by the gas sales sector that benefitted from lower purchase costs thanks also to the utilization of gas storage. In addition, there is particular attention towards final clients, which have increased by around 120,000 in the last 12 months, (and by 200,000 since 2015) reaching 1.7 million thanks also to the inclusion of Salerno Energia Vendite S.p.A. in the scope of consolidation.

Electricity directly sold in the first nine months of 2017 was 6,920 GWh, down on 7,354 Gwh sold in the same period in 2016 due to the lower quantities sold in the Power Exchange, partially offset by the greater volumes (+31%) sold, instead, to final Clients that guarantee higher margins.

2,084 million cubic meters of **gas** were sold, a 16.1% growth on 1,796 million cubic metres sold in the previous year.

At 30 September 2017 **gross investments** amounted 15.0 million euros.

NETWORKS (ENERGY AND WATER INFRASTRUCTURE)

Revenues in the sector amount to 667.7 million euros, a 13% increase compared to 509.9 million euros reported in the first nine months 2016.

EBITDA stands at 241.9 million euros, up on the 219.4 million euros at 30 September 2016. The achievement of significant synergies along with the enlargement of the scope of consolidation (ATENA and residual water concession of Società Acque Potabili) and balances for previous years in water sector (+10 million euros) has more than offset the effect of a number of positive non-recurring elements which characterized the first half 2016, the effect of a number of negative non-recurring elements impacting the same period in

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2016 and higher costs for the purchase of “white certificates” in the energy infrastructure sector.

In first half 2017 the Group distributed 3,197 GWh of **electricity**, 851 million cubic metres of **gas** and 134 million cubic metres of **water**.

At 30 September 2017, gross investments in the sector amount to 120.1 million euros for the modernization of the gas and electricity networks and for the construction of the infrastructures as provided for in the “Piani d’ambito” (Territorial plans).

WASTE

In the Waste sector, **revenues** totalled 408.3 million euros, up by 6.8% on the figure reported in the first nine months 2016 of 382.3 million euros. The increase derives from several elements linked both to the scenario, in particular, the increase in the price of electricity produced, and to strategic factors, such as higher volumes of special waste treated.

EBITDA of 115.5 million euros, a sharp increase (+20.8%) compared to 95.6 million euros at 30 September 2016 is mainly due to improved capacity utilization of the Group’s waste disposal plants, allowing for a higher energy recovery. In addition to this the contribution deriving from the coming on stream of REI, the landfill for special waste in Collegno (Turin), equal to approximately 3 million euros

Approximately 1,471,000 tons of waste was treated in the period.

At 30 September 2017, gross investments made in the sector amount to 13.0 million euros mainly devoted to the implementation and development of the “door-to-door” sorted waste collection system and to the maintenance of various plant.

CONFERENCE CALL

The results at 30 September 2017 will be illustrated tomorrow, 14th November 2017 at 10.30 (Italian time), during a conference call to the financial community, also broadcast through web casting in listen-only mode on the www.gruppoiren.it website in the investor relations section.

The Manager in charge of drawing up the corporate accounting documents, Mr, Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act, that the accounting information presented herein corresponds to the accounting documents, records and registers.

The Financial Report at 30 September 2017 will be made available to the public as provided for by the law, at the company’s headquarters (Via Nubi di Magellano, 30 – Reggio Emilia) at Borsa Italiana S.p.A, and they will be published on the website www.gruppoiren.it.

The financial statements of IREN Group S.p.A. (not subject to audit) are set out below.

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IREN GROUP: CONSOLIDATED INCOME STATEMENT AT 30/09/2017

(Thousands Euro)

	30.09.2017	30.09.2016 Ridetermined*	Var. %
Revenues			
Revenues from goods and services	2.428.060	2.059.446	17,9
Change in contract work in progress	(4.562)	12.368	(**)
Other revenues and income	190.903	156.554	21,9
Total Revenues	2.614.401	2.228.368	17,3
Operating expenses			
Costs for 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
Capitalized expenses for internal work	19.649	15.829	24,1
Personnel expenses	(270.639)	(266.702)	1,5
Total Operating Expenses	(1.992.242)	(1.669.466)	19,3
Gross Operating Profit (EBITDA)	622.159	558.902	11,3
Amortization, depreciation, impairment and provisions			
Amortization/depreciation	(233.528)	(220.780)	5,8
Provisions and impairment	(47.982)	(57.560)	(16,6)
Total amortization, depreciation impairment and provisions	(281.510)	(278.340)	1,1
Operation Profit (EBIT)	340.649	280.562	21,4
Financial Income			
Financial Income	24.887	17.747	40,2
Financial expense	(84.698)	(96.214)	(12,0)
Net Financial Income	(59.811)	(78.467)	(23,8)
Share of profit (loss) of associates accounted for using the equity method	4.450	(674)	(**)
Impairment losses on investments	8.572	16.694	(48,7)
Profit before tax	293.860	218.115	34,7
Income tax expenses	(92.633)	(77.276)	19,9
Profit for the period from continuing operations	201.227	140.839	42,9
Profit from discounted operations	-	-	-
Profit for the period	201.227	140.839	42,9
Attributable to:			
- owners of the Parent	179.546	126.178	42,3
- non-controlling interests	21.681	14.661	47,9

(*) As provided by IFRS 3, with the completion for the Purchase Price Allocation, the representation of the first half 2016 financial flows has been redetermined in order to take into account, at the date of the acquisition, the final fair value of the assets and liabilities purchased related to TRM Holding, TRM V, TRM S.p.A., Atena S.p.A. e Atena Trading. Please, for additional information refer to the paragraph "Contents and Form of the Condensed Consolidated Semiannual Financial Statements" of the financial notes

(**) Variation of more than 100%

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IREN GROUP: RECLASSIFIED STATEMENT OF FINANCIAL POSITION AT 30/09/2017

(Thousands Euro)

	30.09.2017	31.12.2016 Ridetermined*	Var. %
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 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
<i>Non-current financial assets</i>	<i>(49.865)</i>	<i>(49.950)</i>	<i>(0,2)</i>
<i>Non-current financial indebtedness</i>	<i>2.889.898</i>	<i>2.967.471</i>	<i>(2,6)</i>
Non-current net financial indebtedness	2.840.033	2.917.521	(2,7)
<i>Current financial assets</i>	<i>(764.727)</i>	<i>(860.245)</i>	<i>(11,1)</i>
<i>Current financial indebtedness</i>	<i>302.622</i>	<i>399.831</i>	<i>(24,3)</i>
Current net financial indebtedness	(462.105)	(460.414)	0,4
Net financial debt	2.377.928	2.457.107	(3,2)
Own funds and net financial indebtedness	4.800.600	4.754.150	1,0

(*) As provided by IFRS 3, with the completion for the Purchase Price Allocation, the representation of the first half 2016 financial flows has been ridetermined in order to take into account, at the date of the acquisition, the final fair value of the assets and liabilities purchased related to TRM Holding, TRM V, TRM S.p.A., Atena S.p.A. e Atena Trading. Please, for additional information refer to the paragraph "Contents and Form of the Condensed Consolidated Semiannual Financial Statements" of the financial notes

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IREN GROUP: CONSOLIDATED STATEMENT OF CASH FLOWS AT 30/09/2017

(Thousands Euro)

	30.09.2017	30.09.2016 Rideterminato*	Var. %
A. Opening Net Financial Debt	(2.457.107)	(2.169.369)	13,3
Cash flow from operating activities			
Profit (loss) for the period	201.227	140.839	42,9
Adjustment for non-financial elements	437.371	432.962	1,0
Benefits to employees	(4.447)	(7.393)	(39,8)
Net change in provision for risk and other changes	(19.536)	(17.756)	10,0
Change in other non-current assets and liabilities	17.480	(1.390)	(**)
Other 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, 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)
Change in consolidation perimeter	(10.127)	(436.873)	(97,7)
Dividends received	3.929	7.099	(44,7)
E. Total cash flow from/(used in) investing activities	(218.278)	(582.515)	(62,5)
F. Free cash flow (D+E)	221.345	(189.967)	(**)
Cash flow from/used in financing activities			
Dividends paid	(89.364)	(86.698)	3,1
Interests paid	(48.024)	(53.783)	(10,7)
Interests 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 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 by IFRS 3, with the completion for the Purchase Price Allocation, the representation of the first half 2016 financial flows has been redetermined in order to take into account, at the date of the acquisition, the final fair value of the assets and liabilities purchased related to TRM Holding, TRM V, TRM S.p.A., Atena S.p.A. e Atena Trading. Please, for additional information refer to the paragraph "Contents and Form of the Condensed Consolidated Semiannual Financial Statements" of the financial notes

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