PRESS RELEASE

PRESS RELEASE

IREN Group: the Board of Directors approves the results at 31st December 2014(*), maintaining a stable dividend proposal compared to 2013

- **Revenues of 2,901.8 million euros (3,372.7 million euros at 31st December 2013)**
- **Gross Operating Profit (Ebitda) of 622.7 million euros which, net of the extraordinary elements, is 637.9 mllion euros (652.3 million euros at 31st December 2013)**
- **Operating Profit (Ebit) of 325.4 million euros (331.0 million euros at 31st December 2013)**
- **Net Profit of 68.9 million euros which, net of the extraordinary elements, is 99.7 mllion euros (88.6 million euros at 31st December 2013)**
- **Net financial debt of 2,286 million euros.**
- **Dividend proposal to the Shareholders' meeting is 0.0523 Euro per share.**

Reggio Emilia, 13th March 2015 - The Board of Directors of IREN S.p.A. today approved the consolidated results at 31 December 2014.

"In 2014 the Group has maintained substantially stable operating results even in a heavily negative macroeconomic and climate scenario – Chairman Francesco Profumo said on behalf of the Board of Directors. "*Taking advantage of the opportunities deriving from the Stability Law, along with the implementation of the generational turnover plan which will allow for the introduction of new young talent into the Group, IREN will further develop its leading role in the social-economic scenario."*

"The industrial and financial operations completed during the year – added Massimiliano Bianco, the new CEO of the Company – *have allowed the company to consolidate its presence in its reference areas and to strengthen its financial structure, entering the bond market. These elements, along with the already-initiated organizational reform focusing on efficiency and integration will enable us to face the challenges of the coming years with confidence and optimism."*

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PRESS RELEASE

IREN GROUP: CONSOLIDATED RESULTS AT 31 DECEMBER 2014

Consolidated **Revenues** in 2014 amount to 2,901.8 million euros, a 14.0% fall compared to the 3,372.7 million euros reported in the previous year, confirming the trend that characterised the first nine months 2014 and the energy sector in general. This is due to a reduction both in gas and heat volumes sold (linked to the mild winter/autumn season), and to a drop in energy commodity prices.

Gross operating profit (Ebitda) stands at 622.7 million euros and has been negatively affected by non-recurrent factors for approximately 15 million euros deriving from the balance between the capital gain related to the Real Estate Fund set up in 2012 and the costs for the voluntary retirement plan incentives. EBITDA adjusted for this figure stands at 637.9 million euros compared to 652.3 reported in the previous year. This decrease is mainly due to a temporary negative operating trend in the energy sector (climate, regulatory and market factors) partly offset by a recovery in margins reported mainly in the integrated water cycle and waste sectors. This confirms the good balance between unregulated and regulated activities managed by the Group, with a slight predominance of the latter (55%) in terms of EBITDA generation. It is worth noting, in all events, the confirmation of the growth already reported in the first nine months of the year in the EBITDA margin ratio, which rose from 19.3% in 2013 to the current 21.5%, thanks also to significant synergies achieved.

Operating profit (EBIT) total 325.4 million euros, substantially in line with 331.0 million euros reported in 2013. This result incorporates lower provisions and the release of a number of funds which more than offset the increase in depreciation and amortization linked largely to the new plants (ex-Edipower) entering the Group's perimeter at the end of 2013.

Net profit stands at 68.9 million euros but, adjusting for negative extraordinary items linked primarily to deferred/estimated taxes as a result of the declaration of the unconstitutionality of the so-called Robin Hood tax, would amount to 99.7 million euros (88.6 million euro at the end of 2013). Apart from reflecting the operating results for the period, Net profit has also been affected by lower capitalized interests and a negative contribution from the companies consolidated with the equity method.

(*) The new IFRS 11, which governs the accounting treatment of joint ventures, came into force from January 1 2014, and no longer allows for the proportional consolidation of joint ventures as applied by the Iren Group until 31 December 2013. As a consequence, the following companies have exited from the consolidation perimeter: Olt, SAP, AES and Iren Renewables, which are now consolidated using the Equity Method. Further to the above, it is, however, considered appropriate to provide, in addition to the financial statements prepared in accordance with international accounting standards in force, specific statements (defined as "restated") in order to represent and detail, for each line of the income statement and balance sheet, the district heating business in the city of Turin which is principally managed through the jointly controlled company, AES SpA. These restated statements, in addition to providing information broadly consistent with the information provided before the entry into force of the new IFRS 11, better reflect the strategic importance of the district heating business and the role played by the Group in the management and development of district heating in the city of Turin, as confirmed by the agreement entered into with Italgas on 9th April 2014, which provides for the demerger of AES SpA and the transfer to the Iren Group of assets relating to the district heating with effect from July 1, 2014. For the reasons stated above, the comments on the economic and financial trend of Iren Group reported in 2014 refer to these restated statements.

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Net financial debt at 31 December 2014 stands at 2,286 million euros. Adjusting for 90 million euros relating to investments in industrial holdings, the value is substantially in line with 2,192 million euros at 31 December 2013. During the year several extraordinary transactions were completed, such as the takeover of Società Acque Potabili and the purchase of additional stakes in TRM V S.p.A., Tecnoborgo S.p.A and AMIAT S.p.A (the latter will positively affect the consolidated income statement starting from 2015).
Worth noting is that the application of the IFRS 11 accounting principle and the restatement of already reported financial and economic data leads to a 333 million euros reduction in Net financial debt at 31 December 2013, with a consequent improvement in the Debt/EBITDA ratio.

Gross investments for the period amounted to 349.1 million euros.

IREN GROUP: MAIN RESULTS BY BUSINESS AREA

(millions of Euros)	FY 2014	FY 2013	Var. %
Revenues	**2.901.8**	**3.372.7**	**-14.0%**
Electricity and district heating	826.7	1,048.4	-21.2%
Energy infrastructures	341.0	334.1	2.1%
Market	2,387.7	3,097.8	-22.9%
Integrated water service	463.7	426.2	8.8%
Waste management	237.8	214.4	10.9%
Services and other	96.3	90.2	6.7%
Netting and adjustments	-1,451.2	-1,838.4	-21.1%
Gross Operating Profit	**622.7**	**652.3**	**-4.5%**
Electricity and district heating	199.5	235.6	-15.3%
Energy infrastructures	151.6	153.7	-1.4%
from Electricity networks	*73.4*	*79.9*	*-8.2%*
from Gas networks and plants	*78.2*	*73.8*	*5.9%*
Market	90.7	106.9	-15.1%
Electrical energy	*24.8*	*14.1*	*75.9%*
Gas and Heat	*66.0*	*92.8*	*-28.9%*
Integrated water service	149.5	117.2	27.6%
Waste management	47.5	36.2	31.1%
Services and Other	-16.2	2.7	n.s.
Operating profit	**325.4**	**331.0**	**-1.7%**
Electricity and district heating	105.6	119.2	-11.4%
Energy infrastructures	106.4	106.9	-0.5%
Market	49.8	52.3	-4.6%
Integrated water service	75.5	49.3	53.1%
Waste management	13.8	5.9	133.8%
Services and Other	-25.8	-2.6	n.s.

ELECTRICITY AND DISTRICT HEATING

Revenues from the Electricity and District Heating sector total 826.7 million euros compared to 1,048.4 million euros in 2013 (-21.2%). The results have been negatively impacted by

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both the trend in heat and electricity volumes sold and the reduction in the electricity price (PUN -17%), factors already reported in the first nine months of the year.

Gross operating profit (Ebitda) for this sector amounts to 199.5 million euros compared to 235.6 million euros reported at 31 December 2013. The above-mentioned reduction in volumes and prices of energy commodities is the main element causing the sector's fall in margins and is linked both to temporary items, such as the extraordinarily mild temperatures reported in the coldest months of the year and the persistent economic crisis, and to more structural elements, such as the stronger competitive pressure on electric generation (higher volumes from renewables and overcapacity) and the expiry of a significant part of cogeneration incentives through green certificates. The contribution deriving from Tusciano hydroelectric plant was, on the other hand, positive along with the achievement of synergies on operating costs. Worth noting, finally, is the steady growth in heated volumes and the recognition of receivables linked to the Emission Trading System assigned to the so-called "new-entrant" plants (already reported in previous quarters).

In 2014, **electricity** volumes generated amount to 6,408 GWh, down on the 7,806 GWh reported in 2013, due mainly to lower cogeneration production and to extraordinary maintenance services; this was partially offset by the production of the Turbigo plant, which entered the Group's perimeter from November 2013.
Hydroelectric generation stands at 1,443 GWh, up by 5 % thanks to the above-mentioned contribution of the Tusciano hydroelectric plant which entered the Group plant portfolio starting from November 2013, while cogenerative/thermoelectric production stands at 4,965 GWh compared to 6,432 Gwh in 2013.

Heat production stands at 2,509 GWht, down 18.3% compared to 2013 as a consequence of the climatic conditions, while the heated volumes are more than 80 mcm (+2.4%).

At 31 December 2014 **gross investments** amount to 66.0 million euros, mostly allocated to extraordinary maintenance interventions on cogeneration plants and the development of the district heating network.

MARKET

Market segment **Revenues** stand at 2,387.7 million euros compared to 3,097.8 reported in 2013. The drop reported in the first nine months of the year was confirmed also in the last quarter and it is a consequence of the reduction in volumes sold, linked in turn mainly to the above-mentioned external factors: the negative macro-economic scenario and the extremely mild winter and autumn seasons.

Gross operating profit (Ebitda) for this segment, of 90.7 million euros, is lower compared to the 106.9 million reported in 2013. This fall is largely attributable to the gas sector, due both to the lower volumes sold (linked to 2014 climate trend) and to AEEGS Resolution No. 196/13 on the tariff calculation. It is worth noting that the latter, compared to 2013 results, negatively affected only the first nine months of 2014 as it had come into full effect from October 2013. Partially offsetting the above is the positive result in electricity sales (+11 million euros), benefitting from the ending of the Edipower tolling contract in the last part of 2013.

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In 2014 the Group directly marketed 11,150 GWh of **electricity**, a fall of 15.7% compared to 2013 mainly because of lower cogeneration production. Furthermore, 2,185 million cubic metres of **gas** were sold in during 2014, dropping 27.9% compared to the 3,029 million cubic metres at 31 December 2013, mainly due to the climate trend and to lower needs for thermoelectric/cogeneration production.

At 31 December 2014 **gross investments** amounted to 10.2 million euros.

ENERGY INFRASTRUCTURES

Revenues in the Energy infrastructures segment total 341.0 million euros, a slight growth compared to the 334.1 million euros in 2013.
Gross operating profit (Ebitda) amounts to 151.6 million euros, substantially in line with the 153.7 million euros reported at 31 December 2013. This result derives from the balance between the electricity network and gas network sectors' performances. The first was affected mainly by a change in the perimeter, due to the disposal of the extra-urban Turin networks (which occurred at the end of 2013) and by lower contribution by ancillary services. The gas sectors, on the other hand, reported a 5.9% growth thanks to the economic recognition of the efforts in achieving compulsory energy efficiency targets and to lower costs during the year.

In 2014 the Group distributed 3,848 GWh of **electricity,** lower compared to the previous year (-7.0%) and 1,119 million cubic metres of **gas**, down by 17.3%.

Gross investments in the sector amounted to 60.5 million euros, largely devoted to the modernizing of the gas networks particularly through the installation of cathodic protection systems, the replacement of grey cast iron pipes, the installation of electronic gas meters and the construction and updating of electricity substations.

INTEGRATED WATER SERVICE

In 2014 the integrated water service segment achieved **Revenues** of 463.7 million euros, up by +8.8% on the 426.2 million euros in 2013, confirming the trend reported in the first nine months of the year. This result has been positively affected largely by the tariffs update in compliance with the new method established by the AEEGSI for the years 2014-2015, by tariff balance related to the 2012-2013 temporary tariff method and to the further granting of energy efficiency certificates linked to the implementation of plants aimed at reducing electricity consumptions.

Gross operating profit (Ebitda) stands at 149.5 million euros (+27.6%) compared to 117.2 million euros reported in the previous year. The significantly positive performance is a result of the positive revenues trend and of the non-repeatability of the contingent liability (relating to the reimbursement of costs further to the 2011 referendum) reported in 2013 and absent in 2014.

In the year to 31 December 2014 Group IREN sold 147 million cubic metres of **water,** down by 2% compared to the volumes sold in 2013.

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Gross investments made in the period totalled 83.4 million euros, mainly used for the construction of infrastructures as provided for in the "*Piani d'ambito*" (Territorial plans), for the development of distribution networks, sewerage networks and for treatment systems.

WASTE MANAGEMENT

Waste management sector **revenues** at 31 December 2014 amount to 237.8 million euros, a relevant 10.9% increase compared to the 214.4 million euros reported at the same date in 2013, closing a very satisfactory year for this sector.
In fact, besides attaining an 80% holding in AMIAT S.p.A (the company managing the waste collection and disposal in Turin) which will impact IREN's consolidated income statement starting from 2015, the new Parma Environmental Hub came on stream (from which the growth in electricity and heat volumes produced mainly derives). In addition, the sector was positively affected by the excellent performance in the special waste sector with a double-digit growth in volumes collected (+25.7%) and by the increase in waste collection and disposal fees.

The segment reports a **Gross operating profit (Ebitda)** of 47.5 million euros, marking a strong 31.1% increase compared to 36.2 million euros in 2013, substantially reflecting the positive results reported in revenues (particularly the development in commercial activities and the increase in plant and machinery) together with the contribution of achieved operating synergies in waste collection and disposal.

In the reference period, the Group treated approximately 1,082,000 tonnes of **waste** compared to 1,003,000 tonnes in 2013 (+7.9%).
Thanks to the spread of new waste collection methods introduced, differentiated collection exceeded 64% in the territory served, growing by more than two percentage points compared to 31 December 2013.

Gross Investments in this segment amounted to 18.5 million euros, devoted mainly to the completion of the Integrated Environmental Centre in Parma and to actions supporting the development of the "door to door" sorted waste collection system.

BUSINESS OUTLOOK

2015 macroeconomic forecasts are characterized mainly by a persistent weakness in international economies that will help to keep oil prices low and by a further easing of financial tensions in the euro area as a result of the quantitative easing announced by the ECB. It is likely that the above-mentioned plan of buying sovereign bonds by the ECB will boost credit to companies and will stimulate industrial investment. As a further consequence of quantitative easing, further devaluation of the euro against the dollar (already begun in the last weeks of 2014) is expected and will make exports more competitive. The combined effect of these elements is expected to stimulate growth in a scenario that still remains difficult and that suggests a GDP growth rate for Italy lower than 1% in 2015, but in any case an improvement compared to the previous year.

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As for the Italian energy scenario outlook, persistent overcapacity is expected, along with weak demand, which will cause a downwards pressure on electricity sale prices and generation margins. In the gas sector a recovery in residential consumption is expected, as a consequence of the normalization of the climate trend (which penalized 2014 demand linked to exceptionally mild temperatures) as well as the further development in the gas spot market the prices of which in 2015 are expected to be substantially in line with the previous year. With regard to the regulated activity sectors, substantial changes in the current regulatory framework are not expected in 2015; consequently, IREN Group plans to exploit development opportunities related to the major investments carried out and to grow in the waste sectors in the reference areas. The group is also focused on achieving further synergies resulting from the new, more streamlined and centralized organizational structure. The Group's objectives are, therefore, to maintain profitability levels at least in line with the previous year, implementing a selective approach to investments in conjunction with strict control of financial stability.

SIGNIFICANT EVENTS OCCURRING AFTER 31 DECEMBER 2014

RATIONALIZATION OF THE ORGANIZATION

Starting from 1 January 2015, Iren Group's subsidiaries have been subject to a number of re-organization procedures linked to a strong commitment on the part of the new CEO, Massimiliano Bianco, to strengthen the unity of Iren's corporate governance with the aim of clearly identifying activities and responsibilities related to each structure, thereby guaranteeing a more rapid and concrete integration process, essential for facing future market challenges.
Furthermore, the Holding company has been subject, to a rationalization process leading to simplification in central management areas, while the principal has been established that first-level and subsidiary management areas and Organization Units shall report to Central Management Areas in the Holding structure.
Finally, a processes, systems and structures review for each business unit has been set up. It will be completed together with the preparation of the new business plan.

DIVIDEND

The Board of Directors of IREN has decided to propose to the General Shareholders' meeting the payment of a dividend of 0.0523 euro per ordinary share, in line with the last two years, to be paid on the 26th of June 2015 (detachment date 23rd June 2015 – Record date 25th June 2015).

CONFERENCE CALL

The 2014 results will be illustrated today, 13 March 2015, at 15.00 (Italian time) during a conference call to the financial community, also transmitted in web casting in listen-only mode on the website www.grupporien.it, Investor Relations section.

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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 Report on management, the draft of the financial report at 31 December 2014, the consolidated Report at 31 December 2014, the Report of the Board of Statutory Auditors, and the Report of the Auditing Company 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. (currently subject to audit) are set out below.

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IREN GROUP: CONSOLIDATED INCOME STATEMENT AT 31/12/2014

(Thousands Euro)	31.12.2014 (Restated)	31.12.2013 (Restated)	change %
Revenues			
Revenues from goods and services	2.634.141	3.165.176	(16,8)
Change in contract work in progress	(212)	(355)	(40,3)
Other revenues and income	267.909	207.872	28,9
- Of which non-recurrent	*20.944*	-	
Total revenues	**2.901.838**	**3.372.693**	**(14,0)**
Operating expenses			
Costs for raw materials, consumables, supplies and goods	(1.027.922)	(1.457.401)	(29,5)
Services and use of third-party assets	(863.814)	(939.478)	(8,1)
Other operating expenses	(102.181)	(86.664)	17,9
Capitalised expenses for internal work	24.246	25.182	(3,7)
Personnel expenses	(309.503)	(262.009)	18,1
- Of which non-recurrent	*(36.159)*	-	
Total operating expenses	**(2.279.174)**	**(2.720.370)**	**(16,2)**
Gross Operating Profit (EBITDA)	**622.664**	**652.323**	**(4,5)**
Amortisation, depreciation, impairment and provisions			
Amortisation/depreciation	(247.875)	(217.250)	14,1
Provisions and impairment	(49.428)	(104.117)	(52,5)
- Of which related to non-recurrent operations	-	*(5.262)*	
Total amortisation, depreciation impairment and provisions	**(297.303)**	**(321.367)**	**(7,5)**
Operating profit (EBIT)	**325.361**	**330.956**	**(1,7)**
Financial income			
Financial income	27.206	27.852	(2,3)
Financial expense	(132.069)	(115.360)	14,5
Net financial income	**(104.863)**	**(87.508)**	**19,8**
Share of profit (loss) of associates accounted for using the equity method	(10.649)	9.603	(*)
Impairment losses on investments	3.877	(28.113)	(*)
Profit before tax	**213.726**	**224.938**	**(5,0)**
Income tax expense	(128.187)	(125.090)	2,5
Profit for the period from continuing operations	**85.539**	**99.848**	**(14,3)**
Profit from discontinued operations	-	-	-
Profit for the period	**85.539**	**99.848**	**(14,3)**
attributable to:			
- owners of the Parent	68.945	88.629	(22,2)
- non-controlling interests	16.594	11.219	47,9

(*) Variation of more than 100%

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IREN GROUP: RECLASSIFIED STATEMENT OF FINANCIAL POSITION AT 31/12/2014

(Thousands Euro)	31.12.2014 (Restated)	31.12.2013 (Restated)	change %
Non-current assets	4.618.669	4.541.546	1,7
Other non-current assets (liabilities)	(153.619)	(135.501)	13,4
Net working capital	238.448	151.369	57,5
Deferred tax assets (liabilities)	115.336	116.991	(1,4)
Provisions and employee benefits	(550.363)	(473.695)	16,2
Assets (Liabilities) held for sale	10.762	995	(*)
Net invested capital	**4.279.233**	**4.201.705**	**1,8**
Equity	1.993.549	2.009.542	(0,8)
Long-term financial assets	*(66.439)*	*(79.424)*	*(16,3)*
Medium and long-term financial indebtedness	*2.210.821*	*1.853.608*	*19,3*
Medium and long-term net financial indebtedness	2.144.382	1.774.184	20,9
Short-term financial assets	*(522.902)*	*(454.902)*	*14,9*
Short-term financial indebtedness	*664.204*	*872.881*	*(23,9)*
Short-term net financial indebtedness	141.302	417.979	(66,2)
Net financial indebtedness	2.285.684	2.192.163	4,3
Own funds and net financial indebtedness	**4.279.233**	**4.201.705**	**1,8**

(*) Variation of more than 100%

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IREN GROUP: CONSOLIDATED STATEMENT OF CASH FLOWS AT 31/12/2014

(Thousands Euro)	31/12/2014 (Restated)	31/12/2013 (Restated)	change %
A, Opening cash and cash equivalents	**50.221**	**26.681**	**88,2**
Cash flow generated by operating activities			
Profit for the period	85.539	99.848	(14,3)
Adjustments:			
Amortisation and depreciation of intangible and tangible assets	247.875	217.250	14,1
(Capital gains) capital losses and other changes in equity	(27.670)	(7.908)	(*)
Net variation in post-employment and other employee benefits	(2.549)	239	(*)
Net variation in provision for risk and other charges	12.595	(39.131)	(*)
Variation in deferred tax assets and liabilities	14.506	(17.052)	(*)
Variation in non-current assets (liabilities)	15.410	15.320	0,6
Dividends (net of elisions)	(1.066)	(1.304)	(18,3)
Portion of result of associates	10.649	(9.603)	(*)
Net impairment losses (reversals of impairment losses) on investments	(3.810)	71.555	(*)
B, Operating cash flow before NWC variations	**351.479**	**329.214**	**6,8**
Variation in inventories	26.636	558	(*)
Variation in trade receivables	100.120	220.154	(54,5)
Variation in tax assets and other current assets	(36.102)	62.149	(*)
Variation in trade payables	(98.699)	(157.002)	(37,1)
Variation in tax liabilities and other current liabilities	4.434	(21.520)	(*)
C, Cash flow generated by NWC variation	**(3.611)**	**104.339**	**(*)**
D, Operating cash flow (B+C)	**347.868**	**433.553**	**(19,8)**
Cash flows from (for) investing activities			
Investments in tangible and intangible assets	(261.605)	(270.414)	(3,3)
Investments in financial assets	(87.457)	(1.423)	(*)
Proceeds from the sale of investments and changes in assets held for sale	25.764	13.362	92,8
Change in consolidation perimeter	(46.886)	(45.746)	2,5
Dividends received	7.644	8.868	(13,8)
E, Total cash flows from investing activities	**(362.540)**	**(295.353)**	**22,7**
F, Free cash flow (D+E)	**(14.672)**	**138.200**	**(*)**
Cash flow from financing activities			
Cash out for dividends	(73.641)	(76.070)	(3,2)
New long term financing	761.248	468.000	62,7
Repayment of long term financing	(847.741)	(284.533)	(*)
Variation in financial receivables	229.821	(284.609)	(*)
Variation in financial payables	(53.635)	62.552	(*)
G, Total cash flow from financing activities	**16.052**	**(114.660)**	**(*)**
H, Cash flow for the period/year (F+G)	**1.380**	**23.540**	**(94,1)**
I, Closing cash and cash equivalents (A+H)	**51.601**	**50.221**	**2,7**

(*) Variation of more than 100%

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