

**The Board of Directors has approved the results at 31 March 2019: Revenue and EBITDA present growth, thanks to diversification of the business model, allowing the Group to face a volatile energy scenario.**

*The results achieved during the first three months of the year show Gross Operating Profit at around € 274 million (+1.9% compared to 31 March 2018) and a Group net profit of € 100 million (-3.2%). Net financial debt has decreased by € 33 million, excluding accounting effects from the first application of IFRS16 - Leases.*

### **Main financial and economic indicators**

- **Revenues totalling € 1,278 million** (+19.9% vs € 1,066 million at 31 March 2018).
- **Gross Operating Profit (EBITDA) of € 274 million** (+1.9% vs € 269 million at 31 March 2018).
- **Operating Profit (EBIT) of € 172 million** (-3.1% vs € 177 million at 31 March 2018).
- **Group Net Profit of € 100 million** (-3.2% vs € 103 million at 31 March 2018).
- **Net Financial Debt of € 2,525 million**, up by € 72 million compared to € 2,453 million at 31 December 2018. Excluding the effects of IFRS16 application, equal to € 105 million, net financial debt would be down € 33 million.

### **Business highlights**

- Strong contribution from electric and heat generation (+€ 12 million on Ebitda).
- Organic growth of around 6 million on Ebitda, supported by 86 million in investments (+26.5%).
- Synergies for € 3 million on Ebitda.
- Positive effects of around 7 million on Ebitda deriving from the inclusion of Maira, Spezia Energy Trading and San Germano within the business.
- Solid customer base in the energy sectors (approximately 1.8 million customers), up by over 15,000 with respect to 31 December 2018.

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## PRESS RELEASE

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Reggio Emilia, 13 May 2019 - Today, the Board of Directors of IREN S.p.A. approved the consolidated results at 31 March 2019.

**The Group's Chairperson Paolo Peveraro stated:** *“The results of the first 3 months of 2019 highlight the positive impact of growth for external lines achieved over recent years by the Iren Group. During the period in question, operations for the integration of ACAM, Maira, Spezia Energy Trading and San Germano have contributed € 7 million to EBITDA. These operations have also had a positive influence on development of territories in which the group operates.”*

**Group CEO Massimiliano Bianco stated:** *“The results approved today represent confirmation of the effectiveness of the Group's multibusiness approach that, despite a highly volatile energy scenario, has guaranteed increased gross operating profit. The first quarter of 2019 has also confirmed the stability of financial management, with a reduction in the cost of debt and net financial position of € 33 million, excluding the effects of first adoption of the IFRS16 accounting standard, also in the presence of significant investment (+26.5%).”*

### **IREN GROUP: CONSOLIDATED RESULTS AT 31 March 2019**

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Consolidated **revenues** amount to € 1,278 million at the end of the first quarter of 2019. The 19.9% increase on the € 1,066 million for the same period last year is due largely to the contribution of the Energia business unit (thanks to greater volumes and an increase in the price of electricity) and to consolidation of group companies ACAM La Spezia (from 1 April 2018) and Spezia Energy Trading from October 2018 and San Germano (from 01 January 2019).

**Gross Operating Profit (EBITDA)** came to € 274 million, +1.9% compared to the € 269 million recorded during the first three months of 2018.

This growth is attributable to all business lines with the sole exception of the sale of electricity and gas, for which there has been a slight decrease in profit. SBU Mercato profits were negatively influenced by the lack of accounting effects associated with previous one-off adjustment items characterising 2018 and, regarding gas sales, unfavourable weather conditions and decreased margins. It is also noted that, during the first quarter of 2018, previous SBU Energia energy efficiency certificates were valued, generating a contingent of around € 14 million.

**Operating Profit (EBIT)** amounts to € 172 million, a slight decrease of -3.1% compared to the € 177 million seen at 31 March 2018. The decrease on the first quarter of the previous year is attributable to an increase in depreciation and amortisation (+€ 12 million) primarily regarding the process of consolidation of ACAM and San Germano and lower provisions and impairment losses (-€ 1 million).

**Group Net Profit** of € 100 million, -3.2% compared to € 103 million at 31 March 2018. This drop is primarily linked to the reduction of EBIT due to the increase of amortisation previously mentioned.

**Net Financial Debt** at 31 March 2019 sits at € 2,525 million, up € 72 million compared with the figure at 31 December 2018, due to the effects of greater investment and application of

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the IFRS16 accounting standard, which had an impact on net financial debt of around € 105 million. Excluding this accounting effect, net financial debt would be down by € 33 million.

**Gross technical investments** made during the period amounted to € 86 million, an increase with respect to 31 March 2018 (+26.5%).

### IREN GROUP: MAIN RESULTS BY BUSINESS AREA

in millions of euro	31/03/2019	31/03/2018	Change %
<b>Revenue</b>	<b>1,278</b>	<b>1,066</b>	<b>19.9%</b>
Networks (electricity, gas and water infr.)	233	198	17%
Waste	175	138	27%
Energy (generation, DH, en. efficiency)	468	362	29%
Market	955	791	21%
Services and other	5	10	-53%
Netting and adjustments	-558	-433	29%
<b>Gross Operating Profit (EBITDA)</b>	<b>274</b>	<b>269</b>	<b>1.9%</b>
Networks (electricity, gas and water infr.)	85	79	6%
<i>Electrical networks</i>	18	17	4%
<i>Gas networks</i>	20	19	6%
<i>Water networks</i>	47	43	8%
Waste	41	36	15%
Energy (generation, DH, en. efficiency)	115	103	13%
<i>Hydroelectric and renewables</i>	20	14	43%
<i>Thermoelectric, cogeneration and DH</i>	95	89	7%
Market	33	50	-34%
<i>Electricity</i>	1	5	-80%
<i>Gas and other services</i>	32	45	-29%
Services and other	0	1	-100%
<b>Operating Profit (EBIT)</b>	<b>172</b>	<b>177</b>	<b>-3.1%</b>
Networks (electricity, gas and water infr.)	46	44	3%
Waste	19	18	6%
Energy (generation, DH, en. efficiency)	85	72	18%
Market	23	42	-45%
Services and other	-1	1	(*)

(\*) Change of more than 100%

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### **NETWORKS (WATER AND ENERGY INFRASTRUCTURES)**

**Revenues** from the Networks sector amount to € 233 million, with growth of 17% compared to 198 million recorded at the end of the first quarter of 2018. The consolidation of ACAM Acque from 01 April 2018 contributed to the increase in revenue.

**Gross Operating Profit** (EBITDA) came to € 85 million, up by 6% with respect to the 79 million seen at 31 March 2018. The increase in revenue from regulated activities due to the increase in investment, primarily for the integrated water service and consolidation of ACAM Acque, has supported the SBU growth trend.

During the reference period, the Group distributed 989 GWh of **electricity**, 566 million cubic metres of **gas** and 46 million cubic metres of **water**.

At 31 March 2019, **gross investments** in the sector amounted to € 50 million, primarily aimed at obtaining the infrastructure included in the Plans relative to the integrated water cycle (32 million) and to modernising the gas and electrical networks (11 million and 7 million, respectively).

### **WASTE MANAGEMENT**

In the Waste Management sector, **revenues** totalled € 175 million, up by 27% with respect to the figure recorded at 31 March 2018, € 138 million. This increase is attributable for around € 30 million to consolidation of ACAM Ambiente and ReCos (from 01 April 2018) and San Germano (from 01 January 2019), as well as to greater revenue from funding activities and intermediation for special waste and higher energy revenue.

**Gross Operating Profits** (EBITDA) of € 41 million were up (+15%) on the € 36 million recorded at 31 March 2018 due to the effect of greater quantities of waste disposed in Group plants (thanks to the positive contribution of the REI landfill, fully operational as of April 2018) and greater energy revenues. Alongside organic growth, there was a positive effect from consolidation of ACAM Ambiente, Recos and San Germano.

In the first quarter of 2019, the Group managed 633,827 tonnes of **waste**.

At 31 March 2019 **gross investments** made in the sector totalled € 7 million, mainly to implement and develop door-to-door waste collection services and for extraordinary maintenance of various plants.

### **ENERGY (GENERATION, DISTRICT HEATING AND ENERGY EFFICIENCY)**

**Revenues** from the Energy sector amounted to € 468 million, a 29% increase with respect to the € 362 million seen in the first three months of 2018. This growth derives primarily from greater thermoelectric and cogeneration production volumes, and from the positive effects of growth in electricity prices.

**Gross Operating Profit** (EBITDA) for the sector came to € 115 million, up by 13% with respect to the € 103 million seen at 31 March 2018. The first quarter of 2019 was distinguished by electricity prices (single national price [PUN]) which, although down on the beginning of the year, have been constantly above levels for the first quarter of 2018. This,

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together with a fall in gas prices, also thanks to particularly mild seasonal temperatures, produced an increase in profits from generation, allowing contingencies in the first quarter of 2018 to be absorbed, regarding valuation of non-repeatable energy-efficiency certificates (TEE) for previous years (€ 14 million) and lower profits from dispatching services (dispatching services market [MSD]) compared to 2018 (down around € 10 million). Production of heat for district heating was affected by the negative thermal effect for € 5 million.

During the first three months of 2019, total **electricity** produced amounted to 2,852 GWh, +18.4% with respect to the 2,408 GWh recorded during the same period the previous year. This was mainly due to the thermoelectric and cogeneration sector, where production totalled 2,588 GWh (+19%).

The trend in the **hydroelectric and renewables** sector was also positive, showing production of 265 GWh (+14%) at 31 March 2019, due to higher water levels in conventional hydroelectric plants and a slight increase in the PUN.

**Heat** production for district heating recorded 1,325 Gwht, up slightly (+1%) compared to the first quarter of 2018. The 2% increase in district heating volumes, passing from 87 to 89 million cubic metres offset the negative thermal effect mentioned above.

At 31 March 2019, **gross investments** totalled € 10 million, mainly dedicated to cogeneration plants and district heating development.

### **MARKET**

**Revenues** from the Market sector amounted to € 955 million, up (+21%) compared to the 791 million seen at the end of the first quarter of 2018, thanks in part to the consolidation of Spezia Energy Trading (SET).

**Gross Operating Profit** (EBITDA) for the sector came to € 33 million, down by 34% with respect to the 50 million seen at 31 March 2018. The reduction in profit is attributable to the lack of accounting effects associated with previous one-off adjustment items characterising the first quarter of 2018, relative to both gas and electricity sales, and, regarding gas sales, also to an unfavourable season and worsening in the margin due to the particularly volatile energy scenario over recent months.

During the first three months of 2019, directly sold **electricity** totalled 2,748 GWh, up 26% with respect to the 2,186 GWh recorded during the same period the previous year, due to greater sales to wholesalers and business customers on the open market.

In addition, 1,026 million cubic metres of **gas** were acquired, up 3% with respect to the 995 million cubic metres the previous year, mainly due to greater internal usage and trading.

At 31 March 2019, **gross investments** totalled € 10 million, primarily for development of the customer base.

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## PRESS RELEASE

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### CONFERENCE CALL

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The results at 31 March 2019 will be presented today, 13 May, at 5:30 pm (CET) as part of a conference call with the financial community, also offered as a webcast in “listen only” mode, at [www.gruppoiren.it](http://www.gruppoiren.it) in the *Investors* section.

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### ALTERNATIVE PERFORMANCE INDICATORS

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A number of alternative performance indicators (API) are used in this press release, not provided for by the international accounting principles adopted by the European Union (IFRS-EU), in order to permit a better understanding of the economic-financial performance of the IREN Group. In compliance with the recommendations of the Guidelines published in October 2015 by ESMA, the significance, content and basis of calculation of said indicators are shown below:

- **Gross operating profit (EBITDA):** determined subtracting total operating expenses from total revenue. This API is used by the Group in the context of documents, both internal to the Group and external, and is a useful instrument for assessing the Group's operating performance (as a whole and at the individual Business Unit level), also through comparison between the operating profit of the period with which the report is concerned and those of previous periods or financial years. This indicator also makes it possible to carry out analyses on operating performance and to measure performance in terms of operating efficiency over time.
- **Operating profit:** determined subtracting from Gross Operating Profit (EBITDA) depreciation, amortisation, provisions and operating impairment losses.
- **Net financial debt:** determined by the sum of Non-current financial liabilities net of Non-current financial assets and Current financial liabilities net of Current financial assets and of Cash and cash equivalents. This API is used by the Group in the context of documents both internal and external to the Group and is a useful measure of the Group's financial structure, also through comparison between the period with which the report is concerned and previous periods or financial years.
- **Investments:** determined by the sum of investments in intangible assets, property, plant and equipment and investment property and financial assets (equity investments) and presented gross of capital grants. This API is used by the Group in the context of both external and internal Group documents and represents a measurement of the financial resources absorbed by purchases of durable goods that during the period.

*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 press release corresponds to the documentary records, books and accounting entries.*

*The financial report at 31 March 2019 will be filed, in accordance with the law, at the company headquarters (Via Nubi di Magellano, 30 – Reggio Emilia) and with Borsa Italiana S.p.A., available to anyone who makes such a request, and will also be available on the Group's website, [www.gruppoiren.it](http://www.gruppoiren.it).*

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Below are the accounting schedules of the IREN S.p.A. Group, not subject to independent auditing.

### CONSOLIDATED INCOME STATEMENT AT 31/03/2019

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	in thousands of euro		
	First three months 2019	First three months 2018	Change %
<b>Revenue</b>			
Revenue from goods and services	1,235,335	1,006,125	22.8
Change in work in progress	-	-	-
Other income	42,311	59,377	(28.7)
<b>Total revenue</b>	<b>1,277,646</b>	<b>1,065,502</b>	<b>19.9</b>
<b>Operating expenses</b>			
Raw materials, consumables, supplies and goods	(508,113)	(389,778)	30.4
Services and use of third-party assets	(375,765)	(304,049)	23.6
Other operating expenses	(16,659)	(17,019)	(2.1)
Capitalised expenses for internal work	7,423	7,249	2.4
Personnel expenses	(110,309)	(92,720)	19.0
<b>Total operating expense</b>	<b>(1,003,423)</b>	<b>(796,317)</b>	<b>26.0</b>
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>274,223</b>	<b>269,185</b>	<b>1.9</b>
<b>Depreciation, amortisation, provisions and impairment losses</b>			
Depreciation and amortisation	(94,279)	(82,519)	14.3
Provisions for impairment of receivables	(4,655)	(5,205)	(10.6)
Other provisions and impairment losses	(3,515)	(4,127)	(14.8)
<b>Total depreciation, amortisation, provisions and impairment losses</b>	<b>(102,449)</b>	<b>(91,851)</b>	<b>11.5</b>
<b>OPERATING PROFIT (EBIT)</b>	<b>171,774</b>	<b>177,334</b>	<b>(3.1)</b>
<b>Financial management</b>			
Financial income	6,213	5,878	5.7
Financial expenses	(26,032)	(24,564)	6.0
<b>Total financial income and expense</b>	<b>(19,819)</b>	<b>(18,686)</b>	<b>6.1</b>
Share of profit/(loss) of associates accounted for using the equity method	(76)	(636)	(88.1)
Value adjustments on equity investments	-	-	-
<b>Profit/(loss) before tax</b>	<b>151,879</b>	<b>158,012</b>	<b>(3.9)</b>
Income tax expense	(45,315)	(48,211)	(6.0)
<b>Net profit/(loss) from continuing operations</b>	<b>106,564</b>	<b>109,801</b>	<b>(2.9)</b>
Net profit/(loss) from discontinued operations	-	-	-
<b>Net profit/(loss) for the period</b>	<b>106,564</b>	<b>109,801</b>	<b>(2.9)</b>
attributable to:			
- Profit/(loss) for the period attributable to shareholders	99,940	103,215	(3.2)
- Profit/(loss) for the period attributable to non-controlling interests	6,624	6,586	0.6

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## RECLASSIFIED STATEMENT OF FINANCIAL POSITION AT 31/03/2019

in thousands of euro

	31/03/2019	31/12/2018	Change %
Non-current assets	5,939,155	5,786,294	2.6
Other non-current assets/(liabilities)	(437,613)	(431,648)	1.4
Net Working Capital	146,781	132,325	10.9
Deferred tax assets/(liabilities)	159,572	148,745	7.3
Provisions for risks and employee benefits	(637,911)	(621,063)	2.7
Assets/(Liabilities) held for sale	524	524	-
<b>Net invested capital</b>	<b>5,170,508</b>	<b>5,015,177</b>	<b>3.1</b>
Shareholders' equity	2,645,212	2,562,371	3.2
<i>Non-current financial assets</i>	<i>(190,264)</i>	<i>(147,867)</i>	<i>28.7</i>
<i>Non-current financial debt</i>	<i>3,120,931</i>	<i>3,013,303</i>	<i>3.6</i>
Non-current net financial debt	2,930,667	2,865,436	2.3
<i>Current financial assets</i>	<i>(782,658)</i>	<i>(849,993)</i>	<i>(7.9)</i>
<i>Current financial debt</i>	<i>377,287</i>	<i>437,363</i>	<i>(13.7)</i>
Current net financial debt	(405,371)	(412,630)	(1.8)
Net financial debt	2,525,296	2,452,806	3.0
<b>Own funds and net financial debt</b>	<b>5,170,508</b>	<b>5,015,177</b>	<b>3.1</b>



### CONSOLIDATED STATEMENT OF CASH FLOWS AT 31/03/2019

in thousands of euro

	First three months 2019	First three months 2018	Change %
<b>A. Opening Net financial (debt)</b>	<b>(2,452,806)</b>	<b>(2,371,785)</b>	<b>3.4</b>
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period	106,564	109,801	(2.9)
Adjustments for non-financial movements	185,598	170,322	9.0
Utilisations of employee benefits	(6,200)	(1,746)	(*)
Utilisations of provisions for risks and other charges	(9,364)	(5,460)	71.5
Change in other non-current assets and liabilities	(2,626)	(1,762)	49.0
Other changes in capital	(8,608)	(8,151)	5.6
Taxes paid	-	-	-
<b>B. Cash flows from operating activities before changes in NWC</b>	<b>265,364</b>	<b>263,004</b>	<b>0.9</b>
<b>C. Cash flows from changes in NWC</b>	<b>(58,734)</b>	<b>(129,452)</b>	<b>(54.6)</b>
<b>D. Cash flows from/(used in) operating activities (B+C)</b>	<b>206,630</b>	<b>133,552</b>	<b>54.7</b>
<b>Cash flows from/(used in) investing activities</b>			
Investments in property, plant and equipment and intangible assets	(85,454)	(67,531)	26.5
Investments in financial assets	(3)	-	-
Proceeds from the sale of investments and changes in assets held for sale	237	8,754	(97.3)
Changes in consolidation scope	(23,494)	-	-
Dividends received	320	338	(5.3)
<b>E. Total cash flows from/(used in) investing activities</b>	<b>(108,394)</b>	<b>(58,439)</b>	<b>85.5</b>
<b>F. Free cash flow (D+E)</b>	<b>98,236</b>	<b>75,113</b>	<b>30.8</b>
<b>Cash flows from/(used in) financing activities</b>			
Capital increase	-	-	-
Dividends paid	(104)	(879)	(88.2)
Interest paid	(4,367)	(2,935)	48.8
Interest received	3,803	3,797	0.2
Change in fair value of hedging derivatives	(47,249)	(853)	(*)
Increase in financial debts at 01/01/19 due to application of IFRS16	(104,974)	-	-
Other changes	(17,835)	(17,294)	3.1
<b>G. Total cash flows from/(used in) financing activities</b>	<b>(170,726)</b>	<b>(18,164)</b>	<b>(*)</b>
<b>H. Change in net financial (debt) (F+G)</b>	<b>(72,490)</b>	<b>56,949</b>	<b>(*)</b>
<b>I. Closing Net financial (debt) (A+H)</b>	<b>(2,525,296)</b>	<b>(2,314,836)</b>	<b>9.1</b>

(\*) Change of more than 100%

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