PRESS RELEASE

IREN Group: the Board of Directors approves the results at 31st of March 2015

In the first three months of 2015 the Group's key economic and financial indicators show a positive trend. All the business areas have contributed to this result, confirming the good mix of Iren's business portfolio.

- **Revenues of 919.1 million euros (903.1 million euros at 31/03/2014)**
- **Gross Operating Profit (Ebitda) of 211.4 million euros (203.3 million euros at 31/03/2014)**
- **Operating Profit (Ebit) of 133.2 million euros (128.7 million euros at 31/03/2014)**
- **Net profit of 58.6 million euros (51.3 million euros at 31/03/2014)**
- **Net Financial Debt of 2,172 million euros, a significant fall (-114 million euros) compared to 31 December 2014.**

Reggio Emilia, 14 May 2015 – The Board of Directors of IREN S.p.A. approved today the consolidated results for the quarter to 31 March 2015.

"2015 has started positively for the Group, thanks to the contribution of both the regulated and unregulated sectors. Both have benefitted from the continuous efforts to improve efficiency, which have characterised company activities in the last few months – declared the Chairman Francesco Profumo on behalf of the Board of Directors, adding – *The hiring of two hundred new young talented workers is part of this approach, bringing new skills and freshness into the Group to enable it to successfully face the future challenges".*

"*The positive operating results in the first three months of 2015 are even more significant* - underlined Massimiliano Bianco, the Group's CEO – *considering that in the first quarter of 2014 there was a non-recurrent one-off capital gain of more than ten million euros. This performance is also the result of internal measures taken to streamline operations, coupled with the process of integrating all our activities, already started also with AMIAT, allowing us to achieve significant synergies. The fulfilment of Iren's potential – in terms of profitability and development – will be fully outlined in the business plan which we are busy working on and which will be presented to the market by June*

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PRESS RELEASE

IREN GROUP: CONSOLIDATED RESULTS AT 31 MARCH 2015

Consolidated **revenues** for the first quarter of 2015 stand at 919.1 million euros, a 1.8% growth compared to the 903.1 million euros for the same period in the previous year: the higher volumes of gas and heat sold, thanks mainly to the return to more normal winter weather conditions, and the full consolidation of AMIAT subsidiary (which manages waste collection in Turin) have, in fact, more than offset the fall in the prices of energy commodities.

Gross Operating Profit (Ebitda) stands at 211.4 million euros, an increase of 4.0% compared to the 203.3 million euros for the first three months of 2014, thanks to the positive contribution of all the business areas of the Group. Specifically, the result of non-regulated activities grew by around 8%, linked mainly to the increase in volumes in energy sector and increase in profitability in gas sale. On top of these results, regulated activities achieved a double-figure growth (+16%), partially attributable to synergies in operating costs and regulatory/tariff elements and partially due to the change in the consolidation area (AMIAT S.p.A.).
The EBITDA margin also grew, standing at 23,0%, up from both the figure obtained in the first quarter of the previous year (22.5%) and the one recorded at 31 December 2014 (21.5%). This indicator emphasizes the effort of the entire Group in achieving operating synergies.

Operating profit (Ebit) stands at 133.2 million euros, 3.5% growth compared to the 128.7 million euros at 31 March 2014. This result, taking into account higher D&A deriving from the AMIAT consolidation, reflects the performance of the EBITDA.

Net Profit is 58.6 million euros, showing a relevant increase (+14.2%) from the 51.3 million euros recorded in the first quarter of 2014. Positive operating dynamics have been further boosted by a lower tax rate mainly due to the declaration of the unconstitutionality of the so-called Robin Hood tax.

Net Financial Debt at 31 March 2015 stands at 2,172 million euros, a relevant fall of 114 million euros compared to the end of 2014. Net investments, for around 41 million euros, are more than covered by the positive operating cash flow thanks to the good business performances and to a reduction in net working capital.

Gross investments in the period amount to 43.6 million euros.

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IREN GROUP: MAIN RESULTS BY BUSINESS AREA

(millions of Euros)	1Q 2015	1Q 2014	Var. %
Revenues	**919.3**	**903.1**	**1.8%**
Electricity and district heating	267.1	301.7	-11.5%
Energy infrastructures	87.0	77.1	12.8%
Market	811.7	873.1	-7.0%
Integrated water service	110.1	99.3	10.9%
Waste management	116.3	56.2	106.9%
Services and other	17.1	31.6	-45.9%
Netting and adjustments	-490.1	-535.8	-8.5%
Gross Operating Profit	**211.4**	**203.3**	**4.0%**
Electricity and district heating	69.7	69.5	0.3%
Energy infrastructures	37.6	32.8	14.7%
from Electricity networks	*20.1*	*16.4*	*22.4%*
from Gas networks and plants	*17.5*	*16.3*	*6.9%*
Market	49.2	40.5	21.6%
Electrical energy	*6.2*	*8.4*	*-26.0%*
Gas and Heat	*43.0*	*32.1*	*33.9%*
Integrated water service	36.5	34.6	5.5%
Waste management	19.8	13.0	52.1%
Services and Other	-1.3	13.0	n.s.
Operating profit	**133.2**	**128.7**	**3.5%**
Electricity and district heating	38.9	42.3	-8.2%
Energy infrastructures	26.5	22.2	19.1%
Market	39.2	29.2	34.4%
Integrated water service	20.6	16.9	21.9%
Waste management	10.6	6.5	63.7%
Services and Other	-2.6	11.6	n.r.

ELECTRICITY AND DISTRICT HEATING

Revenues in the Electricity and district heating sector amount to 267.1 million euros compared to 301.7 million euros recorded in the first quarter of 2014 (-11.5%). The greater electricity (+4%) and heat (+2%) volumes produced, do not, in fact, completely offset the further fall in energy prices.

Gross Operating Profit (Ebitda) for the sector stands at 69.7 million euros, substantially in line with the 69.5 million euros recorded at 31 March 2014. This result is particularly significant considering that in the first quarter of the year the subsidising of Moncalieri plant cogeneration, through green certificates, has expired (-10 million euros in the quarter, -20 million euros on FY 2015). These negative element has been offset by higher electricity and heat volumes and higher unit margins.

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In 2014, a total of 2,345 GWh of electricity was produced, an increase compared to 2,258 GWh in the first three months of 2014. All sectors contributed to this result, both the thermoelectric sector, with a production of 2,082 (+3.4%), which benefitted from higher cogeneration volumes, and the hydroelectric sector (263 Gwh), whose growth of 7.5% bucks the national trend (which instead was negative, -19%).

Heat production also increased (+2.4%) and stands at 1,286 GWht. The trend is explained by the return to more normal winter weather conditions compared to 2014 (but with temperatures nevertheless still higher than those of 2013) and an increase of more than 1.8% in the volumes served by the district heating network.

At 31 March 2015 **gross investments** for 3.8 million euros were made, mainly directed towards the cogeneration sector.

MARKET

Revenues of the Market sector stand at 811.7 million euros against 873.1 million euros in the first three months of 2014. The fall is attributable to the drop in energy commodity prices, partly offset by the greater volumes sold.

Gross Operating Margin (Ebitda) of the sector, at 49.2 million euros, is a marked increase (+21.6%) on the 40.5 million for the same period of 2014. The growth is mainly due to the gas sector which benefitted from higher sale unit margins, improved supply conditions along with significantly higher volumes sold (+6%). The district heating sector is largely stable, while the fall in the electricity sector is mainly due to the absence of extraordinary adjustments on the regulated market which, instead, characterised the first quarter of 2014.

Electricity directly marketed by the Group stands at 3,412 GWh a growth compared to the first quarter of 2014.

958 million cubic metres of **gas** were sold, a growth of +6,3% compared to 901 million cubic metres in the first quarter of the previous year; this is mainly thanks to a winter climate more in line with historic averages than in 2014 and to greater internal uses.

At 31 March 2015 **gross investments** were 3.2 million euros.

ENERGY INFRASTRUCTURES

Revenues in the energy infrastructure sector amount to 87.0 million euros, up from the 77.1 million euros in the first quarter of 2014.

Gross operating Margin (Ebitda) stands at 37.6 million euros, a relevant growth (+14.7%) compared to 32.8 million euros recorded at 31 March 2014. Both the electricity and the gas networks contributed to this result: the first was positively influenced by the energy efficiency

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measures put in place, which made it possible to obtain more “white certificates” and by the adjustments relating to previous years; the second, on the other hand, benefitted mainly from operating synergies achieved.

In the first quarter of the year the Group distributed 999 GWh of **electricity,** in line with the same period of 2014, and 575 million cubic metres of **gas,** up by 11.0%.

Gross investments in the energy infrastructure sector amount to 14.5 million euros, allocated to upgrading the gas network, particularly through the installation of cathodic protection systems, of electronic meters, the replacement of grey cast iron pipes and the construction and updating of electricity substations.

INTEGRATED WATER SERVICE

The integrated water service achieved **revenues** of 110.1 million euros in the first three months of 2015, an increase (+10.9%) compared to 99.3 million euros at 31 March 2014, confirming the positive trend recorded in recent quarters. This performance is mainly attributable to work on behalf of third party, to investments accounted in revenues in compliance with the IFRIC 12 principle and to the tariff growth.

Gross Operating margin (Ebitda) stands at 36.5 million euros, up +5.5% compared to 34.6 million euros in the first quarter of 2014. The performance is result of the positive revenue trend plus minor operating costs.

At 31 March 2015 the Group sold 35 million cubic metres of **water**, dropping 5% compared to the volumes sold in the same period in 2014.

Gross investments in the period amount to 14.4 million euros, allocated to the construction of infrastructures as provided for in the “Piani d’ambito” (Territorial plans), and to the development of distribution networks, sewerage networks and treatment systems.

WASTE

In the Waste sector **revenues** were 116.3 milion euros, substantially double (+107,2%) the 56.2 million euros recorded at 31 March 2014. At the end of 2014 the majority and therefore the control of AMIAT S.p.A. (the company managing waste collection in the Turin) has been purchased. It implies its full consolidation in the Group’s economic accounts starting from 1 January 2015.

In addition there are higher tariff-based revenues, higher revenues linked to the Parma Environmental Hub becoming fully operational and a very significant increase in special waste collection (+77% in terms of volumes).

The sector achieved a **Gross Operating margin (Ebitda)** of 19.8 million euros, also showing strong growth (+52,1%) compared to the 13.0 millon euros in the first quarter of

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2014, thanks to the aforementioned AMIAT consolidation but also to a higher profitability in waste collection activity.

During the reference period, the Group treated around 424,000 tonnes of waste, compared to 254,000 tonnes in the first quarter 2014.

Thanks to the spread of new waste collection methods introduced, differentiated collection exceeded 65% in the territory served, growing by more than three percentage points compared to 31 March 2014.

Gross investments in this segment amounted to 2.8 million euros, devoted mainly to the maintenance of Group plant and to investments supporting the development of differentiated waste collection, mainly through the “door to door” sorted waste collection system.

BUSINESS OUTLOOK

Macroeconomic forecasts for the coming months in 2015 mainly depend on the effectiveness of the quantitative easing measures implemented by the ECB in the first quarter, aimed at slackening financial tensions in the Euro area.
With regards to the national economic trend, a series of factors, including the devaluation of the euro, the low cost of commodities and the support given to investment linked to the aforementioned improvement in the financial situation, are bolstering a recovery that sees the GDP growing by 0.7% in 2015; though modest, it is nevertheless an improvement on the previous year.
As for the energy context, the electricity sector is continuing to be affected by the persistent overcapacity situation which, together with the weakness in demand, results in pushing energy prices downwards, affecting generation margins.
In the gas sector a recovery in residential consumption is expected, thanks to temperatures returning more in line with historic averages (demand in 2014 was penalised by an exceptionally mild climate) and a further development of the national gas spot market, the prices for which in 2015 are expected to be substantially in line with the previous year.
With regards to the regulated sectors, no substantial changes in the regulatory framework are expected in 2015; the Group therefore aims to take advantage of the opportunities for development linked to the important investments made and to grow in the environment sector in the reference areas, as confirmed by the results of the first quarter.
The Group is, furthermore, focused on the achievement of further synergies, also deriving from the new 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.

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CONFERENCE CALL

The 1st quarter 2015 results will be illustrated today at 16.00 (Italian time) during a conference call to the financial community, also transmitted in web casting in listen-only mode on the www.grupporien.it website.

The Manager in charge of drawing up the corporate accounting documents, Mr, Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act, that the accounting information presented herein corresponds to the accounting documents, records and registers.
The Financial Report at 31 March 2015 will be made available to the public as provided for by the law, at the company's headquarters (Via Nubi di Magellano, 30 – Reggio Emilia) at Borsa Italiana S.p.A, and they will be published on the website www.gruppoiren.it

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

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PRESS RELEASE

IREN GROUP: CONSOLIDATED INCOME STATEMENT AT 31/03/2015

(Thousands Euro)	31.03.2015	31.03.2014	change %
Revenues			
Revenues from goods and services	875,315	835,346	4.8
Change in contract work in progress	34	471	(92.8)
Other revenues and income	43,770	67,316	(35.0)
Total revenues	**919,119**	**903,133**	**1.8**
Operating expenses			
Costs for raw materials, consumables, supplies and goods	(367,090)	(433,627)	(15.3)
Services and use of third-party assets	(234,035)	(181,429)	29.0
Other operating expenses	(20,923)	(17,828)	17.4
Capitalised expenses for internal work	5,903	4,482	31.7
Personnel expenses	(91,543)	(71,460)	28.1
Total operating expenses	**(707,688)**	**(699,862)**	**1.1**
Gross Operating Profit (EBITDA)	**211,431**	**203,271**	**4.0**
Amortisation, depreciation, impairment and provisions			
Amortisation/depreciation	(65,740)	(57,176)	15.0
Provisions and impairment	(12,511)	(17,361)	(27.9)
Total amortisation, depreciation impairment and provisions	**(78,251)**	**(74,537)**	**5.0**
Operating profit (EBIT)	**133,180**	**128,734**	**3.5**
Financial income			
Financial income	8,054	6,749	19.3
Financial expense	(36,436)	(32,463)	12.2
Net financial income	**(28,382)**	**(25,714)**	**10.4**
Share of profit (loss) of associates accounted for using the equity method	(2,929)	(2,804)	4.5
Impairment losses on investments	-	-	-
Profit before tax	**101,869**	**100,216**	**1.6**
Income tax expense	(39,036)	(45,406)	(14.0)
Profit for the period from continuing operations	**62,833**	**54,810**	**14.6**
Profit from discontinued operations	-	-	-
Profit for the period	**62,833**	**54,810**	**14.6**
attributable to:			
- owners of the Parent	58,589	51,321	14.2
- non-controlling interests	4,244	3,489	21.6

(*) Variation of more than 100%

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PRESS RELEASE

IREN GROUP: RECLASSIFIED STATEMENT OF FINANCIAL POSITION AT 31/03/2015

(Thousands Euro)	31.03.2015	31.12.2014	change %
Non-current assets	4,591,099	4,618,669	(0.6)
Other non-current assets (liabilities)	(144,413)	(153,619)	(6.0)
Net working capital	215,636	238,448	(9.6)
Deferred tax assets (liabilities)	117,078	115,336	1.5
Provisions and employee benefits	(561,657)	(550,363)	2.1
Assets (Liabilities) held for sale	9,943	10,762	(7.6)
Net invested capital	**4,227,686**	**4,279,233**	**(1.2)**
Equity	2,055,367	1,993,549	3.1
Long-term financial assets	*(61,162)*	*(66,439)*	*(7.9)*
Medium and long-term financial indebtedness	*2,356,454*	*2,210,821*	*6.6*
Medium and long-term net financial indebtedness	2,295,292	2,144,382	7.0
Short-term financial assets	*(563,158)*	*(522,902)*	*7.7*
Short-term financial indebtedness	*440,185*	*664,204*	*(33.7)*
Short-term net financial indebtedness	(122,973)	141,302	(*)
Net financial indebtedness	2,172,319	2,285,684	(5.0)
Own funds and net financial indebtedness	**4,227,686**	**4,279,233**	**(1.2)**

(*) Variation of more than 100%

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PRESS RELEASE

IREN GROUP: CONSOLIDATED STATEMENT OF CASH FLOWS AT 31/03/2015

(Thousands Euro)	31/03/2015	31/03/2014	change %
A, Opening cash and cash equivalents	**51,601**	**50,221**	**2.7**
Cash flow generated by operating activities			
Profit for the period	62,833	54,810	14.6
Adjustments:			
Amortisation and depreciation of intangible and tangible assets	65,740	57,176	15.0
(Capital gains) capital losses and other changes in equity	3,038	(11,031)	(*)
Net variation in post-employment and other employee benefits	(1,155)	363	(*)
Net variation in provision for risk and other charges	6,370	7,203	(11.6)
Variation in deferred tax assets and liabilities	(2,236)	(531)	(*)
Variation in non-current assets (liabilities)	(9,206)	5,656	(*)
Dividends (net of elisions)	(66)	(602)	(89.0)
Portion of result of associates and joint ventures	2,929	2,804	4.5
B, Operating cash flow before NWC variations	**128,247**	**115,848**	**10.7**
Variation in inventories	22,881	44,731	(48.8)
Variation in trade receivables	(85,580)	(85,879)	(0.3)
Variation in tax assets and other current assets	3,150	(41,989)	(*)
Variation in trade payables	55,152	(54,097)	(*)
Variation in tax liabilities and other current liabilities	27,209	75,260	(63.8)
C, Cash flow generated by NWC variation	**22,812**	**(61,974)**	**(*)**
D, Operating cash flow (B+C)	**151,059**	**53,874**	**(*)**
Cash flows from (for) investing activities			
Investments in tangible and intangible assets	(43,167)	(43,286)	(0.3)
Investments in financial assets	(385)	(25)	(*)
Proceeds from the sale of investments and changes in assets held for sale	4,067	8,913	(54.4)
Dividends received	66	602	(89.0)
E, Total cash flows from investing activities	**(39,419)**	**(33,796)**	**16.6**
F, Free cash flow (D+E)	**111,640**	**20,078**	**(*)**
Cash flow from financing activities			
New long term financing	150,000	150,000	-
Repayment of long term financing	(3,808)	(17,058)	(77.7)
Variation in financial receivables	(222,853)	2,386	(*)
Variation in financial payables	(52,030)	(49,046)	6.1
G, Total cash flow from financing activities	**(128,691)**	**86,282**	**(*)**
H, Cash flow for the period/year (F+G)	**(17,051)**	**106,360**	**(*)**
I, Closing cash and cash equivalents (A+H)	**34,550**	**156,581**	**(77.9)**

(*) Variation of more than 100%

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