PRESS RELEASE

IREN Group: the Board of Directors have approved the results at 30th September 2016 with double-figure growth for all operating indicators and in net profit.

The third quarter of the year not only confirms but improves on the performances already recorded in the first part of 2016. There is double-figure growth in the main economic and operating indicators with, in particular, an increase of more than 25% in net profit and the third consecutive fall in net financial position (on like-for-like basis). These figures provide convincing proof of the Group's ongoing efforts in achieving efficiency and excellence.

- **Revenues at 2,228.4 million euros (+0.4% compared to 2.218,9 million euros at 30/09/2015)**
- **Ebitda at 558.9 million euros (+12.3% against 497.6 million euros at 30/09/2015)**
- **Ebit at 285.4 million euros (+12.9% against 252.8 million euros at 30/09/2015)**
- **Group net profit at 124.9 million euros (+26.3% against 98.8 million euros at 30/09/2015).**
- **Net Financial Position at 2,528 million euros. Net of the change in the consolidation perimeter deriving from the consolidation of TRM and Atena, net financial position would have been around 72 million lower compared to the figure at 31 December 2015.**

Reggio Emilia, 10 November 2016 - The Board of Directors of IREN S.p.A. today approved the consolidated results at 30 September 2016.

"The constantly positive trend recorded in the last 18 months" - **declared Paolo Peveraro, Chairman of the Group –** *"is confirmed as well in this quarter. It is the result of an incessant search for maximum efficiency through new strategic directions and continuous innovation, resulting in distinctive know-how. These elements lay the foundations for the achievement of the targets set out in the business plan both in our reference territories with a 2.2 billion euros investment plan and as an aggregator in the North-west of the Country and, finally, in offering excellence services to our current and prospect Clients ."*

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PRESS RELEASE

"*The significant increase in margins and profitability registered in the first 9 months of the year continues the positive trend that characterized 2015."* – **commented Massimiliano Bianco, CEO of the Group** – *"The achievement of significant synergies, worth around 23 million euros, thanks to the development of "performance improvement" initiatives has been particularly important. Such initiative will rise from 40, originally expected, to 100 over the period of the plan. In addition to this, there is also organic growth which, thanks mainly to the energy segment for which IREN covers the entire value chain, has contributed positively to margins for around 24 million euros. Finally, it is worth pointing out the Group's continuous focus on the consolidation process which in the quarter just ended led to the set up of Recos La Spezia, a company operating in the waste management sector. This latest development is in addition to the operations already concluded in the first half-year (TRM and Atena): such initiatives have brought an additional margin of around 43 million euros."*

IREN GROUP: CONSOLIDATED RESULTS AT 30 SEPTEMBER 2016

Consolidated revenues for the first nine months of 2016 stand at 2,228.4 million euros, in line with the 2,218.9 million euros in the same period of the last year. The substantial stability in revenues is accompanied by a growth of around 3 percent in the EBITDA margin (an important profitability indicator), moving from 22% to 25%.

EBITDA is 558.9 million euros, up 12.3% against 497.6 million euros in the first nine months of 2015. These positive results are due, to an equal degree, to both internal and external factors. The first has benefitted from the implementation of important efficiency initiatives linked to the performance improvement process launched in 2015 and reinforced with the new business plan. This has led to the achievement of synergies for around 23 million euros, to which can be added organic growth of around 24 million driven by excellent performances in the energy segment, which confirms the positive trend recorded in the first six months of 2016; this is thanks to the optimization of supply, trading and marketing strategies, as well as a more flexible management of the cogeneration plant in the production of electricity and heat. The growth deriving from external factors, which accounts for around 43 million euros in the period, is due to the reinforcement of the Group's role as a territorial aggregator thanks to the acquisition of a controlling stake in TRM (the company managing the WTE plant in Turin) and in Atena (the Vercelli multi-utility company).

EBIT stands at 285.4 million euros, up 12.9% compared to 252.8 million euros at 30 September 2015. The excellent results obtained at operating profit level more than counterbalance the greater amortization and depreciation charges due mainly to the full consolidation of TRM and to higher provisions.

Group net profit stands at 124.9 million euros, a strong increase (+26.3%) compared to 98.8 million euros for the same period in 2015. The positive EBIT performances, together with a value adjustment of the TRM equity investment further to the acquisition of a controlling stake in the company, underpin this high growth and offset the greater financial costs deriving from the full consolidation of TRM and the increase in taxes due to the increase in operating margins.

Net financial position at 30 September 2016 is equal to 2,528 million euros, down for the third consecutive quarter (-72 million euros) compared to 31 December 2015, net of the

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increase of around 431 million euros relating to the extension in the scope of consolidation (TRM and Atena).

Gross technical investments in the period amount to 156.6 million euros.

IREN GROUP: MAIN RESULTS BY BUSINESS AREA

(millions of euros)	30/09/2016	30/09/2015	Var. %
Revenues	**2,228.4**	**2,218.9**	**0.4%**
Electricity and district heating	547.1	557.2	-1.8%
Market	1,467.5	1,645.8	-10.8%
Networks (electricity, gas, and water infr.)	590.9	632.5	-6.6%
Waste	382.3	347.7	10.0%
Services and other	46.4	67.3	-31.1%
Netting and adjustments	-805.8	-1.031.5	n.r.
Gross Operating Profit	**558.9**	**497.6**	**12.3%**
Electricity and district heating	139.7	120.2	16.2%
Market	97.2	66.2	46.8%
Electricity	*43.8*	*13.1*	*(*)*
Gas and Heat	*53.4*	*53.1*	*0.6%*
Networks	219.4	233.1	-5.9%
Electricity networks	*50.8*	*53.8*	*-5.6%*
Gas networks	*55.9*	*54.8*	*2.0%*
Water networks	*112.7*	*124.6*	*-9.6%*
Waste	95.6	57.0	67.7%
Services and other	7.0	21.2	(*)
Operating Profit	**285.5**	**252.8**	**12.9%**
Electricity and district heating	51.6	24.9	107.2%
Market	53.4	36.8	45.1%
Networks (electricity, gas, and water infr.)	125.3	148.1	-15.4%
Waste	50.1	24.3	106.2%
Services and other	5.0	18.8	-73.4%

(*) VARIATION OF MORE THAN 100%

ENERGY (ELECTRICITY AND DISTRICT HEATING)

Revenues of the sector amount to 547.1 million euros against 557.2 million euros reported in the first nine months of 2015 (-1.8%). The slight decrease derives from the drop in commodity prices together with a slight reduction in the volumes of electricity sold.

EBITDA of the sector is 139.7 million euros, up by 16.2% compared to what was reported at 30 September 2015. This positive result is mainly attributable to a significant recovery of profitability in the thermoelectric/co-generative sector thanks also to active management of the Group's plant which has made it possible to exploit their flexibility and to take advantage of significant options for growth in ancillary services. This has more than offset a reduction in the hydroelectric sector due to the negative trend in the price of electricity, together with lower volumes produced due to the unfavourable climate conditions in the period.

In the first nine months of the year, total **electricity** produced was 5,612 GWh, 2.8% up on

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5,460 GWh in the same period in the previous year.
The main contribution to this result comes from the thermoelectric/co-generative sector, with an electricity production of 4,613 (+7.2%) offsetting the lower hydroelectric productions, equal to 999 Gwh, (-13.7%) due to lower water availability.

Heat production for district heating stands at 1,610 Gwht, a 3.3% drop compared to the first nine months of 2015, due mainly to the milder winter season. Worth noting, however, is the increase in district heated volumes (+2.5%) reaching 82 million of cubic meters and the contracting of a further 3 million cubic metres which will have a positive impact on the Group's results starting from 2017.

At 30 September 2016 **gross investments** for 25.3 million euros were made, mainly devoted to the cogeneration production sector.

MARKET

Revenues of the Market sector stand at 1,467.5 million euros, down by 10.8% on 1,645.8 million euro in the first nine months of 2015. This fall derives mainly from the above-mentioned commodity prices trend and the transfer, from April, of trading on the power exchange from the Market Business Unit to the Energy Business Unit.

EBITDA of the sector is 97.2 million euros, a strong increase (+46.8%) compared to 66.2 million euros reported at 30 September 2015. This performance derives from the Group's ability to exploit the favourable market situation thanks to the implementation of the initiatives set out in the business plan and composed of a general optimization of procurement, coverage and sale policies, and the development of logistics activities in the gas sector. In addition, there is particular attention towards final clients which have increased by around 85,000 starting from the beginning of the year.

Electricity directly sold in the first nine months of 2016 was 7,354 GWh, down on 8,898 Gwh sold in the same period in 2015 due to the lower quantities sold in the Power Exchange, partially offset by greater volumes (+38%) sold, instead, to final Clients that guarantee higher margins.

1,796 million cubic metres of **gas** were sold, substantially in line with the 1,804 million cubic metres in the same period of the previous year.

At 30 September 2016 **gross investments** amounted 12.2 million euros.

NETWORKS

The "Networks" business area is the one that has benefitted most from the efficiency activities implemented by the Group, which have permitted the achievement of significant synergies. This has made it possible to counterbalance the reduction in the remuneration on invested capital decided by AEEGSI at the end of 2015 which has negatively affected the margins of energy infrastructures and the integrated water service.

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Leaving aside the extraordinary elements that had a positive effect on the results for the first nine months of 2015, the margins are substantially stable.

Energy infrastructure

Revenues in the energy Infrastructures sector amount to 236.8 million euros, a slight reduction compared to 261.2 million euros reported in the first nine months of 2015.

EBITDA stands at 106.7 million euros, slightly down on the 108.6 million euros at 30 September 2015. The achievement of significant synergies has substantially offset the reduction in the remuneration on capital invested and the absence of the positive non-recurring factor recorded in 2015 linked to the adjustment for equalizations for previous year in the electricity distribution sector. The maintenance of stability in the margins has been possible thanks to the implementation of important organizational improvements, which have led to the concentration of activities in a single company, with the consequent achievement of synergies.

In the first nine months of 2016 the Group distributed 3,061 GWh of **electricity** and 795 million cubic metres of **gas.**

Gross investments in the sector amount to 44.7 million euros for the modernization of the gas network, in particular through the installation of cathodic protection systems and electronic meters, the replacement of grey cast iron pipes and the construction and updating of electricity substations.

Water infrastructure

The integrated water service recorded **revenues** for 354.1 million euros, slightly down compared to 371.3 million euros at 30 September 2015.

EBITDA stands at 112.7 million euros, down (-9.6%) compared to the 124.6 million euros for the same period in 2015 and reflects the absence of adjustments for water tariff recovery for previous years which had, on the other hand, a positive effect on margins in the previous nine months of 2015 for around 15 million euros. Excluding this, the sector would have recorded a significant growth thanks to the savings obtained and to the change in the consolidation perimeter deriving from the transfer to the Group of a number of business branches previously run by Società Acque Potabili. These elements have, in fact, more than offset the reduction in the revenue constraint following the change in the rate of remuneration on invested capital.

At 30 September 2016 the Group sold 126.2 million cubic metres of **water**, up compared to the same period in 2015 mainly thanks to the above-mentioned change in the consolidation perimeter.

Gross investments for the period amount to 52.2 million euros, for the construction of the infrastructures as provided for in the “Piani d’ambito” (Territorial plans), and to the development of distribution networks, sewerage networks and treatment systems.

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WASTE

In the waste sector **revenues** totalled 382.3 million euros, up by 10.0% on the figure reported in the first nine months of 2015 of 347.7 million euros. The increase derives mainly from the change in the scope of consolidation linked mainly to the acquisition of a controlling stake in TRM S.p.A., the company managing the waste-to-energy plant in Turin and in Atena the multi-utility company based in Vercelli.

EBITDA of 95.6 million euros, is also strongly up (+67.7%) compared to 57.0 million euros in the first nine months of 2015, mainly due to the above-mentioned consolidation of the TRM waste-to-energy plant in Turin, and the reduction in costs of disposal as a result of lower use of facilities external to the Group.

Approximately 1,199,000 tons of waste were collected during the reference period, slightly up (+6.0%) compared to the first nine months of 2015

Sorted waste has grown both in the Emilia area, reaching 68%, and in the Turin area, where it stands at 43%.

Gross investments made in the sector amount to 12.7 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.

BUSINESS OUTLOOK

The third quarter was again affected by the persistence of the weak economic context and confirms the macro-trends that characterized the first six months of 2016, reflected in the significant fall in the price of energy commodities. However, the fact that the gas price has fallen greater than the electricity price has created a situation in which the Group is able to take advantages of significant growth possibilities, achieving strongly positive results driven by excellent performances in the energy supply chain.

These results obtained, together with the synergies achieved and the external growth options exploited in the last 18-24 months, have laid the foundation for the construction of the Business Plan to 2021, presented by the Group in October this year. The Group’s commitment to meet the targets set out in the Plan, set at a higher level compared to the previous business plan, will guide IREN’s activities in the near future.

CONFERENCE CALL

The results at 30 September 2016 will be illustrated today, 10 November 2016 at 16,30 (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.

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Legislative decree no. 25 of 15 February 2016 (Official Gazette no. 52 of 3 March 2016) implemented the so-called "Transparency" European Directive introducing important simplifications, including the elimination of the obligation of making quarterly financial reports available to the public. IREN Group, nevertheless, considers it appropriate publish this financial information for the first nine months of 2016, as in the past. This choice should not, however be considered as formally binding on the Group for the future, and may be subject to regulatory developments on the matter.

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 2016 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 subjected to audit) are set out below

IREN GROUP: CONSOLIDATED INCOME STATEMENT AT 30/09/2016

(Thousands Euro)

	30.09.2016	30.09.2015	Var. %
Revenues			
Revenues from goods and services	2,059,446	2,030,877	1.4
Change in contract work in progress	12,368	880	(*)
Other revenues and income	156,554	187,107	(16.3)
Total Revenues	**2,228,368**	**2,218,864**	**0.4**
Operating expenses			
Costs for raw materials, consumables, supplies and goods	(619,874)	(718,765)	(13.8)
Services and use of third-party assets	(743,040)	(693,921)	7.1
Other operating expenses	(55,679)	(61,048)	(8.8)
Capitalized expenses for internal work	15,829	19,037	(16.9)
Personnel expenses	(266,702)	(266,573)	0.0
Total Operating Expenses	**(1,669,466)**	**(1,721,270)**	**(3.0)**
Gross Operating Profit (EBITDA)	**558,902**	**497,594**	**12.3**
Amortization, depreciation, impairment and provisions			
Amortization/depreciation	(215,900)	(198,103)	9.0
Provisions and impairment	(57,560)	(46,699)	23.3
Total amortization, depreciation impairment and provisions	**(273,460)**	**(244,802)**	**11.7**
Operation Profit (EBIT)	**285,442**	**252,792**	**12.9**
Financial Income			
Financial Income	17,747	19,987	(11.2)
Financial expense	(96,214)	(87,693)	9.7
Net Financial Income	**(78,467)**	**(67,706)**	**15.9**
Share of profit (loss) of associates accounted for using the equity method	(674)	388	(*)
Impairment losses on investments	12,599	-	(*)
Profit before tax	**218,900**	**185,474**	**18.0**
Income tax expenses	(78,652)	(69,766)	12.7
Profit for the period from continuing operations	**140,248**	**115,708**	**21.2**
Profit from discounted operations	-	-	-
Profit for the period	**140,248**	**115,708**	**21.2**
Attributable to:			
- owners of the Parent	124,870	98,847	26.3
- non-controlling interests	15,378	16,861	(8.8)

(*) Variation of more than 100%

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IREN GROUP: RECLASSIFIED STATEMENT OF FINANCIAL POSITION AT 30/09/2016

(Thousands Euro)

	30.09.2016	31.12.2015	Var. %
Non-current assets	5,101,609	4,648,465	9.7
Other non-current assets (liabilities)	(148,005)	(161,911)	(8.6)
Net Working Capital	173,755	153,888	12.9
Deferred tax assets (liabilities)	98,091	110,972	(11.6)
Provisions and employee benefits	(522,852)	(525,799)	(0.6)
Assets (Liabilities) held for sale	977	5,420	(82.0)
Net invested capital	**4,703,575**	**4,231,035**	**11.2**
Shareholders' Equity	2,176,069	2,061,666	5.5
Non-current financial assets	*(47,934)*	*(53,012)*	*(9.6)*
Non-current financial indebtedness	*3,044,039*	*2,698,648*	*12.8*
Non-current net financial indebtedness	2,996,105	2,645,636	13.2
Current financial assets	*(731,557)*	*(690,878)*	*5.9*
Current financial indebtedness	*262,958*	*214,611*	*22.5*
Current net financial indebtedness	(468,599)	(476,267)	(1.6)
Net financial debt	2,527,506	2,169,369	16.5
Own funds and net financial indebtedness	**4,703,575**	**4,231,035**	**11.2**

(*) Changes of more than 100%

PRESS RELEASE

IREN GROUP: CONSOLIDATED STATEMENT OF CASH FLOWS AT 30/09/2016

(Thousands Euro)

	30.09.2016	30.09.2015	Var. %
A. Opening cash and cash equivalents	**139,576**	**51,601**	**(*)**
Cash flow from operating activities			
Profit (loss) for the period	140,248	115,708	21.2
Adjustments:			
Taxes for the period	78,652	69,766	12.7
Share of profit (loss) from associates and joint ventures	(11,925)	(388)	(*)
Net financial charges (income)	78,467	67,706	15.9
Amortisation of intangible assets and depreciation of property, plant and equipment and investment property	215,900	198,103	9.0
Net impair. losses (revers. of impair. losses) on assets	4,868	-	(*)
Net provisions	63,533	62,003	2.5
Capital losses (gains)	(1,413)	(3,337)	(57.7)
Benefits to employees	(7,393)	(9,683)	(23.6)
Net change in provision for risk and other charges	(17,756)	(17,490)	1.5
Change in other non-current assets and liabilities	(1,390)	(2,239)	(37.9)
Other changes	(2,906)	(2,174)	33.7
Taxes paid	(30,561)	(26,533)	15.2
B. Cash flows from operating activities before changes in NWC	**508,324**	**451,442**	**12.6**
Change in inventories	(12,500)	(49,553)	(74.8)
Change in trade receivables	132,826	140,329	(5.3)
Change in tax assets and other current assets	(55,155)	42,523	(*)
Variation in trade payables	(197,842)	(150,360)	31.6
Change in tax liabilities and other current liabilities	12,800	6,421	99.3
C. Cash flows from changes in NWC	**(119,871)**	**(10,640)**	**(*)**
D. Cash flows from/(used in) operating activities (B+C)	**388,453**	**440,802**	**(11.9)**
Cash flows from/(used in) investing activities			
Investments in intangible assets, property, plant, equipment and investment property	(156,552)	(160,557)	(2.5)
Investments in financial assets	(3,666)	(1,355)	(*)
Proceeds from the sale of investments and changes in assets held for sale	7,477	5,502	35.9
Change in consolidation perimeter	(437,046)	(25,679)	(*)
Dividends received	7,099	7,368	(3.7)
E. Total cash flows from/(used in) investing activities	**(582,688)**	**(174,721)**	**(*)**
F. Free cash flow (D+E)	**(194,235)**	**266,081**	**(*)**
Cash flow from/(used in) financing activities			
Dividends paid	(86,698)	(81,417)	6.5
New non-current loans	20,000	250,000	(92.0)
Repayment of non-current loans	(88,719)	(113,681)	(22.0)
Change in financial liabilities	422,523	(223,858)	(*)
Change in financial assets	13,198	(79,339)	(*)
Interests paid	(53,783)	(54,991)	(2.2)
Interest received	12,011	13,485	(10.9)
G. Total cash flows from/(used in) financing activities	**238,532**	**(289,801)**	**(*)**
H. Cash flows for the period (F+G)	**44,297**	**(23,720)**	**(*)**
I. Closing cash and cash equivalents (A+H)	**183,873**	**27,881**	**(*)**

(*) Variation of more than 100%

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