The Board of Directors approves the results at 31 March 2020: strong growth in sales services and regulated sectors supported by an increase in investment of 130 million euro (+52%).

The results achieved in the first quarter of 2020 show Gross Operating Profit (EBITDA) of 274 million euro, in line with last year, thanks to development in profits for the Market BU, organic growth and synergies that have made it possible to for the company to face a challenging energy scenario and highly unfavourable climatic factors.

Main financial and economic indicators

- **Revenues totalling 1,077 million euro** (-15.7% vs 1,278 million euro at 31/03/2019). This decrease can be largely attributed to a drop in prices of energy commodities.
- **Gross Operating Profit (EBITDA) of 274 million euro** (+0.1% vs 274 million euro at 31/03/2019).
- **Operating Profit (EBIT) of 146 million euro** (-15.3% vs 172 million euro at 31/03/2019).
- **Group Net Profit of 84 million euro** (-16.2% vs 100 million euro at 31/03/2019).
- **Net financial debt of 2,807 million euro** (+3.8% vs 2,706 million euro at 31/12/2019).

Business highlights

- **Organic growth** of 9 million in EBITDA, supported by all business sectors, in addition to 18 million in EBITDA from an increase profits for the Market BU.
- **Synergies** of 3 million in EBITDA, net of emergent costs.
- **Investments of** 130 million euro (up +52%), mainly allocated to regulated sectors.
- Solid **customer base** in the energy sectors (approximately 1.842 million customers), up by over 27,000 compared to 31/12/2019.

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Reggio Emilia, 12 May 2020 - Today, the Board of Directors of IREN S.p.A. approved the consolidated results at 31 March 2020.

***Renato Boero, the Group Chairperson** said: "The first quarter of the year saw further growth in the customer base in energy sectors, an important signal that demonstrates Iren's solid roots in the area where it was founded and its high service-quality levels. This value is even more significant in the particularly difficult current situation, which saw 8,000 Group employees involved in ensuring the provision of essential services during the Covid-19 emergency. In this scenario, with significant investments planned, Iren can act as a formidable driver for development and support economic recovery in the areas where it operates. Despite the difficulties, in this period the company has also continued the Group's expansion, as demonstrated by the purchase of the business unit of SEI Energia and operations under way with I.Blu and SI.DI.GAS".*

"The significant investments made by the Group in digitalization have enabled a positive management of the Covid-19 emergency both in terms of the provision of essential services and in terms of the continuity of corporate activities, with the extension of smartworking to almost 3,000 employees. The results approved today confirm the effectiveness of the actions taken and the solidity of our business model. The EBITDA, in line with that of last year despite the unexpected negative context, highlights the quality of the strategic lines implemented which have allowed the Group to stabilize the margins of the sales services and continue developing the regulated activities" commented **Massimiliano Bianco, CEO of the Group.** He then went on to state that "*The Group has demonstrated the capability to efficiently pursue the goals outlined in the Business Plan, despite the sanitary emergency, increasing investments by 52% and confirming the recovery, by the end of the year, of slight delays experienced by works under construction. Future actions aimed at relaunching Italy's economy may involve utilities in the context of consolidation operations in local areas and support acceleration of investments".*

IREN GROUP: CONSOLIDATED RESULTS AT 31 March 2020

Consolidated **Revenue** at 31 March 2020 was 1,077 million euro, down by -15.7% compared to 1,278 million euro in the first quarter of 2019. This decrease in revenue can be attributed primarily to a drop in prices of energy commodities, the reduction in heating sales for district heating due to a particularly mild winter and lower amounts of energy produced by the Group's plants. The energy scenario, already challenging at the start of the year, suddenly worsened further from the end of February, and this continued with progressive tightening of safety restrictions in the face of the growing effects of the Covid-19 virus.

Gross operating profit (EBITDA) reached 274 million euro, largely in line with the value for the first quarter of 2019 (+0.1%). Profit was significantly influenced by the particularly challenging energy and climatic scenario that had a negative impact on profitability of the Energy business unit. Whilst improvement was seen in all other group business units (Market, Environment and Networks) compared to the first quarter of 2019, the Energy business unit recorded a -25% drop that completely offset improvements in the period achieved by the other activities.

Operating profit (EBIT) totalled 146 million euro, down -15.3% from the figure of 172 million euro in the corresponding period of 2019. Higher depreciation and amortisation of around 8 million euro was seen, mainly associated with new investments going live, greater provisions for 18 million euro mainly intended for the bad debt provision, due to the effect of Covid-19.

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Group Net Profit was 84 million euro, down -16.2% compared to the 100 million euro recorded in 2019. This fall reflects the trend in EBIT.

As at 31 March 2020, **net financial debt** was 2,807 million euro, up approximately 102 million euro on 31 December 2019. Overall, net financial debt has increased by 3.8% following worsening in net working capital and strong growth in investments, as set out in the Business Plan.

Gross technical investments made during the period amounted to 130 million euro, with strong growth of +52% compared to 2019.

IREN GROUP: MAIN RESULTS BY BUSINESS AREA

(millions of euro)	31/03/2020	31/03/2019	Change %
Revenue	**1,077**	**1,278**	**-15.7%**
Networks BU (energy and water infrastructure)	244	233	4.8%
Waste Management BU	179	175	2.3%
Energy (generation, DH, en. efficiency)	348	468	-25.6%
Market BU	713	955	-25.3%
Services and other	5	5	10.5%
Netting and adjustments	-412	-558	-26.2%
Gross Operating Profit (EBITDA)	**274**	**274**	**+0.1%**
Networks BU (energy and water infrastructure)	89	85	5.5%
Electrical networks	*19*	*18*	*5.6%*
Gas networks	*20*	*20*	-
Water networks	*50*	*47*	*7.1%*
Waste Management BU	43	41	4.7%
Energy (generation, DH, en. efficiency)	87	116	-24.9%
Market BU	55	33	67.3%
Electricity	*12*	*1*	(*)
Gas and other services	*43*	*32*	*34.4%*
Services and other	0	0	-
Operating Profit (EBIT)	**146**	**172**	**-15.3%**
Networks BU (energy and water infrastructure)	40	46	-11.4%
Waste Management BU	19	19	-
Energy (generation, DH, en. efficiency)	52	85	-38.1%
Market BU	34	23	46.9%
Services and other	0	-1	(*)

(*) Change of more than 100%

NETWORKS (ENERGY AND WATER INFRASTRUCTURE)

Revenue for the segment amounted to 244 million euro, up 4.8% from the 233 million euro booked in 2019.

Gross Operating Profit (EBITDA) was 89 million euro, up by 5.5% compared to the 85 million euro reported at 31 March 2019. The increase in profit can be attributed to an increase in the tariff revenue constraint of the water service, with a significant increase in net invested capital, and operating synergies established in the period in the water and electricity sectors.

During the reference period, the Group distributed 932 GWh of **electricity**, 540 million cubic metres of **gas** and 43 million cubic metres of **water**.

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As at 31 March 2020, **gross investments** in the segment come to 56 million euro (+12%) allocated to the modernisation of the gas and electricity networks and the development of the infrastructures envisaged by the integrated water cycle scope plans.

WASTE MANAGEMENT

In the Waste Management segment, **revenues** totalled 179 million euro, up by 2.3% with respect to the figure recorded in 2019, of 175 million euro. Increased revenue can be attributed to broadening of the consolidation scope to include the companies Ferrania Ecologia and Territorio Risorse, in addition to greater revenue from intermediation activity and disposal of special waste with an increase in energy revenues.

Gross Operating Profit of 43 million euro increased +4.7% compared to the 41 million euro recorded at 31 March 2019. The growth in profit is attributable to both the positive contribution from waste-collection business, primarily due to increased synergies, and waste-disposal business. The latter, whilst affected by a reduction in the price of electricity produced by waste-to-energy plants, offered improved profitability due to an increase in volumes and prices of special waste processed by Group plants.

During the year, waste managed came to over 670,500 tonnes.

At 31 March 2020, **gross investments** in the sector totalled 16 million euro, more than twice the figure for 2019, and largely associated with revamping of the Cairo Montenotte biodigester, vehicles and equipment for door-to-door collections in Turin, and development of the new Just Iren management system.

ENERGY (GENERATION, DISTRICT HEATING AND ENERGY EFFICIENCY)

Energy-sector **revenue** was 348 million euro, down -25.6% compared to the 468 million euro recorded in 2019. This was largely due to a reduction in district heating volumes due to particularly mild temperatures, in addition to lower electricity production and a drop in sale prices (PUN) caused by the unfavourable energy scenario and the reduction in demand also as a consequence of national restrictions imposed to face the Covid-19 health emergency, introduced at the beginning of March 2020.

Gross Operating Profit (EBITDA) for the sector came to 87 million euro, down -24.9% compared to the figure at 31 March 2019.
The trend in the first quarter of 2020 saw national electricity demand down by -4.2% compared to 2019 and a drop in the average electricity price (PUN -33.4% compared to the first quarter of 2019, with a progressively downward trend that took a sharper turn for the worse in correspondence with the lockdown connected to the Covid-19 health emergency that reduced demand and pushed the price of energy towards minimum values.
A simultaneous contraction in heating volumes, along with a reduction in prices and profitability of electricity production had a strong impact on sector profits, only partially offset by improved results from dispatching services (dispatching services market - "*MSD*") and greater hydroelectric production. The recognition of certain contingent assets that had characterised the first quarter of 2019 and were no longer replicable had a negative impact on profit for the period.

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In 2019, total **electricity** produced was 2,630 GWh, down -7.8% compared to the 2,853 GWh of the previous year, due to a lower contribution from the cogeneration and thermoelectric sector, of 2,292 GWh (-11.4%), while hydroelectric production increased to 338 GWh (+27.7%).

Heat production for district heating came out at 1,242 GWht, down -6.3% compared to the 2019 figure. Overall district heating volumes amounted to approximately 95 million m³ up by +1.3% compared to the 94 million m³ of 2019.

At 31 March 2020, **gross investments** totalled 38 million euro, representing strong growth compared to the 10 million euro of the previous year, assigned primarily to activities to expand the Turbigo thermoelectric plant that will allow an increase in installed power from 850 to 1,280 MW.

MARKET

Revenue for the Market segment came to 713 million euro, down by -25.3% on the 955 million euro booked in 2019. In addition to fewer sales, a reduction in the price of energy commodities was another cause of the drop in revenue.

Gross Operating Profit (EBITDA) for the sector came to 55 million euro, up by +67.3% compared to the 33 million euro seen at 31 March 2019. This increase is relative both to sales of electricity and natural gas, and is largely attributable to an improvement in unit margins of sale.

Electricity sold directly in the first quarter of 2020 totalled 2,115 GWh, down -23% on the 2,748 GWh recorded in 2019. The decrease in volumes of electricity sold is attributable to a drop in sales in the business (-46.3%) and small business (-22.5%) segments and those of the protected market (-16.2%), also due to the Covid-19 emergency.

In addition, 978 million cubic metres of **gas** were purchased, down compared to the 1,026 million cubic metres of the previous year, in particular due to lower internal usage (-10.7%).

At 31 December 2019, **gross investments** totalled 11 million euro (+9.5%).

BUSINESS OUTLOOK

The recent global pandemic connected with the spread of Covid-19 has led to an unexpected shock on the financial markets, with significant impacts on the real economy that are currently difficult to forecast. The expansive monetary policies implemented by the major central banks may facilitate the recovery of the global economy above all if accompanied by public finance interventions. In addition to this situation, there has also been a fall in the oil price in April, when the WTI recorded the lowest price since 2003.

In the current year, the Covid-19 emergency in Italy could have, for the time being, what is considered a limited impact on the Group’s activities, mainly due to the nature of its business (over 70% in regulated and semi-regulated sectors). The lack of objective final and forecast data, the latter linked to scenarios that are difficult to make assumptions about today, currently prevents an assessment of the possible impact during the year on electricity demand from companies and therefore on sales revenue. We can however foresee, also on the basis of the recent ARERA provisions and the corporate measures adopted to mitigate the economic and social impacts consequent to the crisis, an effect on working capital following the interruption of new actions to suspend/reduce supplies (gas, electricity, water and district heating) due to arrears from 9 March and the possibility, in the case of an objective situation of economic difficulty, to request postponement of the payment deadline by 30 days or payment in three instalments in the three following months. However, persistence of the negative situation could lead to a deterioration in credit conditions and, therefore the necessity to further adjust the provisions for bad debt to the value of the expected losses. Finally, extra operating and management costs resulting from the emergency are being closely monitored and delays may be seen for some projects aimed at increased efficiency.

Given the recent collapse in the prices of commodities and lower demand for electricity, we expect a reduction in volumes of electricity produced and a lower PUN. In 2020, the Group expects to be able to take advantage of the potential of its customer portfolio through recovery of unit margins, but also through an increase in the number of customers, thanks also to the expansion of the line of New Downstream products. Given the current situation, the acquisition of new customers could slow down and sales volumes could be reduced. However, this would be limited, given the percentage of business customers in the portfolio. Looking forward, it is expected that changes to tariffs, connected with the regulatory framework approved by ARERA in the water and energy-distribution sectors and new regulations introduced in the waste-collection sector, will have a negative impact on expected profits.

The Group will also continue in its growth process set forth in the latest business plan, which provides for significant investments above all in the Networks and Waste Management divisions as well as investments destined to increase electricity generation capacity. Iren also confirms sustainability as one of the main strategic pillars, continuing to invest in projects linked to the Circular Economy, the efficient use of resources and the reduction of emissions, for an amount of approximately 60% of the investments provided for in the business plan.

CONFERENCE CALL

The results at 31 March 2020 will be presented today, 12 May, at 5:00 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 in the *Investors* section.

ALTERNATIVE PERFORMANCE MEASURES

A number of alternative performance measures (APMs) are used in this press release. These are not provided for in the international accounting standards adopted by the European Union (IFRS-EU), but 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 APM is used by the Group in the context of documents, both internal to the Group and external, and is a useful tool 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 APM 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 APM 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 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 Law on Finance), that the accounting information contained in this press release corresponds to the documentary records, books and accounting entries.
The financial report at 31 March 2020 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 requests it, and will also be available on the Group's website, www.gruppoiren.it.
Below are the accounting schedules of the IREN S.p.A. Group, currently being audited.

INCOME STATEMENT

thousands of euro

	First three months 2020	First three months 2019	Change %
Revenue			
Revenue from goods and services	1,040,311	1,235,335	(15.8)
Other income	36,871	42,311	(12.9)
Total revenue	**1,077,182**	**1,277,646**	**(15.7)**
Operating expenses			
Raw materials, consumables, supplies and goods	(353,764)	(508,113)	(30.4)
Services and use of third-party assets	(327,846)	(375,765)	(12.8)
Other operating expenses	(17,521)	(16,659)	5.2
Capitalised expenses for internal work	9,077	7,423	22.3
Personnel expense	(112,745)	(110,309)	2.2
Total operating expenses	**(802,799)**	**(1,003,423)**	**(20.0)**
GROSS OPERATING PROFIT (EBITDA)	**274,383**	**274,223**	**0.1**
Depreciation, amortisation, provisions and impairment losses			
Depreciation and amortisation	(102,362)	(94,279)	8.6
Provisions for impairment of receivables	(22,029)	(4,655)	(*)
Other provisions and impairment losses	(4,469)	(3,515)	27.1
Total depreciation, amortisation, provisions and impairment losses	**(128,860)**	**(102,449)**	**25.8**
OPERATING PROFIT (EBIT)	**145,523**	**171,774**	**(15.3)**
Financial income and expenses			
Financial income	5,553	6,213	(10.6)
Financial expense	(23,935)	(26,032)	(8.1)
Total financial income and expense	**(18,382)**	**(19,819)**	**(7.3)**
Share of profit (loss) of associates accounted for using the equity method	(155)	(76)	(*)
Value adjustments on equity investments	(146)	-	-
Profit (loss) before tax	**126,840**	**151,879**	**(16.5)**
Income tax expense	(37,385)	(45,315)	(17.5)
Net profit (loss) from continuing operations	**89,455**	**106,564**	**(16.1)**
Net profit (loss) from discontinued operations	-	-	-
Net profit (loss) for the period	**89,455**	**106,564**	**(16.1)**
attributable to:			
- Profit (loss) for the period attributable to shareholders	83,797	99,940	(16.2)
- Profit (loss) for the period attributable to non-controlling interests	5,658	6,624	(14.6)

(*) Change of more than 100%

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RECLASSIFIED STATEMENT OF FINANCIAL POSITION

thousands of euro

	31.03.2020	31.12.2019	Change %
Non-current assets	6,142,240	6,095,998	0.8
Other non-current assets (liabilities)	(447,302)	(444,550)	0.6
Net Working Capital	325,820	165,707	96.6
Deferred tax assets (liabilities)	166,960	163,898	1.9
Provisions for risks and employee benefits	(649,047)	(625,240)	3.8
Assets (Liabilities) held for sale	1,285	1,293	(0.6)
Net invested capital	**5,539,956**	**5,357,106**	**3.4**
Shareholders' equity	2,732,765	2,651,529	3.1
Non-current financial assets	(170,390)	(148,051)	*15.1*
Non-current financial debt	3,250,117	3,167,048	*2.6*
Non-current net financial debt	3,079,727	3,018,997	2.0
Current financial assets	(681,610)	(774,583)	*(12.0)*
Current financial debt	409,074	461,163	*(11.3)*
Current net financial debt	(272,536)	(313,420)	(13.0)
Net financial debt	2,807,191	2,705,577	3.8
Own funds and net financial debt	**5,539,956**	**5,357,106**	**3.4**

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STATEMENT OF CASH FLOWS

thousands of euro

	First three months 2020	First three months 2019	Change %
A. Opening Net financial (debt)	**(2,705,577)**	**(2,452,806)**	**10.3**
Cash flows from operating activities			
Profit (loss) for the period	89,455	106,564	(16.1)
Adjustments for non-financial movements	209,128	185,598	12.7
Utilisations of employee benefits	(1,704)	(6,200)	(72.5)
Utilisations of provisions for risks and other charges	(5,917)	(9,364)	(36.8)
Change in other non-current assets and liabilities	(623)	(2,626)	(76.3)
Other changes in capital	(4,843)	(8,608)	(43.7)
Taxes paid	-	-	-
B. Cash flows from operating activities before changes in NWC	**285,496**	**265,364**	**7.6**
C. Cash flows from changes in NWC	**(217,775)**	**(58,734)**	**(*)**
D. Cash flows from/(used in) operating activities (B+C)	**67,721**	**206,630**	**(67.2)**
Cash flows from/(used in) investing activities			
Investments in property, plant and equipment and intangible assets	(130,010)	(85,454)	52.1
Investments in financial assets	-	(3)	(100.0)
Proceeds from the sale of investments and changes in assets held for sale	(1,639)	237	(*)
Changes in consolidation scope	-	(23,494)	(100.0)
Dividends received	320	320	-
E. Total cash flows from /(used in) investing activities	**(131,329)**	**(108,394)**	**21.2**
F. Free cash flow (D+E)	**(63,608)**	**98,236**	**(*)**
Cash flows from /(used in) financing activities			
Capital increase	-	-	-
Purchases of treasury shares	(1,361)	-	-
Dividends paid	(88)	(104)	(15.4)
Interest paid	(599)	(4,367)	(86.3)
Interest received	1,809	3,803	(52.4)
Change in fair value of hedging derivatives	(15,033)	(47,249)	(68.2)
Change in financial payables for leasing	(5,701)	(104,974)	(94.6)
Other changes	(17,033)	(17,835)	(4.5)
G. Total cash flows from /(used in) financing activities	**(38,006)**	**(170,726)**	**(77.7)**
H. Change in net financial (debt) (F+G)	**(101,614)**	**(72,490)**	**40.2**
I. Closing Net financial (debt) (A+H)	**(2,807,191)**	**(2,525,296)**	**11.2**

(*) Change of more than 100%

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