

PRESS RELEASE – March 1, 2018

The Board of Directors of A2A has approved the results of the impairment process and presents the preliminary data as of December 31, 2017.

**Gross Operating Margin (EBITDA) equal to 1.2 billion euros:
confirmed 2016 record**

**Pre-Tax Profit - net of impairment losses - of 489 million euros up by 31%
(372 million euros in 2016 restated¹)**

**Net impairment losses of assets and goodwill for a total of 94 million euros, of which
60 million euros result from exercising the PUT Option on EPCG and around 34
million euros relate to the impairment test**

Investments – net of EPCG – for approximately 450 million euros, up by 29%

**Net Financial Position amounted to around 3.23 billion euros (3.14 billion euros at
December 31, 2016). NFP/EBITDA equal to 2.7x**

Milan, March 1, 2018 – Today's meeting of the Board of Directors of A2A S.p.A. approved the results of the impairment process, drafted in accordance with IAS 36 and carried out, as is customary, with the assistance of a recognised independent third-party advisor. The process led to an impairment loss of goodwill for 34 million euros.

The Board also examined the preliminary consolidated results of the financial year 2017. The main results are set out below:

Gross Operating Margin (EBITDA) came to 1.2 billion euros, essentially in line with the previous year (1.2 billion euros at December 31, 2016), which however included the EPCG contribution for 69 million euros: ruling out this contribution in both years, the Group EBITDA was up by over 30 million euros (around +3%).

Net of the non-recurring items equal to about +60 million euros in 2017 (around +130 million euros in 2016) and the EPCG contribution stated above, the Gross Operating Margin amounted to 1.1 billion

¹ The "restated" values incorporate the effects deriving from the Price Purchase Allocation, concluded in the first half of 2017 following the acquisition of the LGH Group.

euros (1.0 billion euros in 2016; +10%). All Business Units had an ordinary result above that recorded in the financial year 2016. Excellent Generation results were obtained without the planned sale of the stock of Green Certificates, which are still available as of 12.31.2017 (636 GWh, corresponding to around 63 million euros).

Pre-tax profit amounted to around 489 million euros (372 million euros in 2016 restated), net of impairment losses of assets and goodwill for a total of 94 million euros. The impairment test led to impairment losses of 34 million euros of goodwill allocated on the CGU Electricity Networks; the remaining part of the impairment losses, 60 million euros, is due to the adjustment of the asset value to the EPCG PUT Option value (250 million euros). Note that the exercising of the PUT Option also had a negative effect on the pre-tax profit for around 26 million euros due to the discounting of the seven equivalent annual instalments set to be received from the Montenegro Government.

Investments, of 450 million euros – excluding the amount paid for M&A transactions concluded in 2017 and the EPCG contribution – up by 29% on 2016 (349 million euros in the previous financial year). Above all, investments made by the Environment (+55%) and the Networks and Heat (+8%) were up.

Net Financial Position amounting to around 3.23 billion euros was up by around 90 million euros on December 31, 2016. The cash flow generation net of the effect of the M&A transactions (about 100 million euros) and the deconsolidation of the active NFP of EPCG (206 million euros) was positive and higher than 200 million euros. The NFP/EBITDA ratio went from 2.5x to 2.7x.

“We are really happy that another year has ended on a very positive note, which saw us increase our investments in the territories and operational efficiency in line with our strategic plan,” commented the CEO Valerio Camerano. “The economic-financial results confirm the company’s capacity to grow in all the chosen industrial areas. Having repeated a year like 2016, a record year marked by exceptional non-recurring income, is cause for great satisfaction for the management and employees of A2A.”

“This is the end of a very positive year for A2A,” declared Giovanni Valotti, Chairman of the Group. “The economic-financial results are accompanied by the consolidation of the growth process and strategic reorientation of the company. Competitiveness, innovation and sustainability are the drivers on which we will continue to base our ambitious development projects.”

The draft consolidated financial statements of the A2A Group will be examined, as per the financial calendar already given out, during the meeting of the Board of Directors scheduled for March 20, 2018.

The preliminary figures given above do not include the tax effects currently being assessed and are still subject to auditing by the auditing firm.

Alternative Performance Measures (APMs)

Some alternative performance measures (APMs) are used in the press released, not envisaged by the international financial reporting standards adopted by the European Union (IFRS-EU); the purpose of this is to allow for a better assessment of the economic-financial management performance of the A2A Group. In compliance with the recommendations of the Guidelines published in October 2015 by the ESMA, below is the meaning, contents and basis for calculation of said indicators:

- the **Gross operating margin (EBITDA)** is an alternative measure of operating performance, calculated as the sum of the “Net operating income” plus “Amortisation, depreciation, write-downs and provisions”;
- the **Gross operating margin net of non-recurring items** is an alternative indicator of operating performance, calculated as the gross operating margin described above, net of entries, both positive and negative, attributable to transactions or operations that do not entail repetitions in future financial years (e.g., adjustments related to past financial years, expenses for extraordinary mobility plans, etc.);
- the **Net financial position** is an indicator of the Company's financial structure. This indicator corresponds to the financial debts net of liquidity and equivalents and current and non-current financial assets (financial credits and securities other than equity investments);
- **Investments** are an alternative performance measure used by the A2A Group as a financial target under the scope of performance both within the Group (Business Plan) and externally (presentations to financial analysts and investors); it constitutes a useful measurement of the resources used in maintaining and developing investments of the A2A Group.

The Executive responsible for drawing up A2A S.p.A.'s company accounting documents, Andrea Eligio Crenna, declares – in accordance with article 154-bis, subsection 2 of the Financial Act (TUF) (Legislative Decree 58/1998) - that the accounting information contained in this document corresponds to the documentary evidence, books and accounting records.

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