PRESS RELEASE – 10 April 2015

The Board of Directors has examined and approved
the 2015-2019 Strategic Plan of the A2A Group

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Important relaunch of investments

2.1 billion euros of investments in five years (+40% compared to the previous five-year period)

Rebalancing and innovation in the industrial portfolio

strong developments planned for the environment, smart networks and new energy services

Significant growth of the EBITDA

1.35 billion euros of gross operating margin in 2019 (+32%)

Further reduction of the debt

Net Financial Debt amounting to around 2.5 billion euros in 2019, reduced by over 800 million euros compared to 2014. Improvement of Net Financial Position/EBITDA ratio from 3.3x to 1.9x

Relaunch of the dividend policy

the cash flow generation supports the increase of dividends, expected to double at the end of plan

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The 2015-2019 Strategic Plan of the A2A Group

Milan, 10 April 2015 – At yesterday's meeting of the Board of Directors of A2A the Board examined and in the late evening approved the 2015-2019 Strategic Plan of the A2A Group. It is the first strategic plan prepared by the new governance of the company, led by the Chairman *Giovanni Valotti* and the CEO *Luca Valerio Camerano*, both appointed last June.

The main objective of the Plan is to relaunch and redesign A2A, initiating a path of strategic repositioning that will deliver, in 2020, a more modern multi-utility company and a leader in the environment, smart networks and new energy models, which is more balanced, profitable, and capable of seizing the opportunities that will open up in the Green Economy and Smart Cities.

The main development lines of the Plan can be attributed to three macro areas of intervention, characterized by three different missions:

1. Restructuring and reduction of exposure in the thermoelectric sector;
2. Relaunch of the investments in the key areas of the environment, networks and the free market of energy;
3. Redesign of the mission of A2A to seize the opportunities of the future.

RESTRUCTURING AND REDUCTION OF THERMOELECTRIC EXPOSURE

The current context of the thermoelectric sector imposes decisions and incisive actions. A2A starts a specific approach of reducing exposure and at the same time modernizing its thermoelectric generation. In particular the following are provided for: the contraction, over the period of the plan, of the thermoelectric capacity by 40%, a strong reduction in operating costs (-21 million euros/year), the reconversion of obsolete plants and investments for around 35 million euros focused on improving flexibility in the existing Combined Cycles so it can perform the role of a key player in the new electricity market. The restructuring of the traditional generation is expected to contribute to the creation of around 148 million euros of gross operating margin incremental to 2019.

RELAUNCH OF INVESTMENTS

The relaunch of the investments (1.4 billion euros cumulated over the period of the plan, on a total of 2.1 billion euros of Group investments) is planned with the objective of strengthening its leadership in sectors characterized by excellent prospects for development and growing margins. Specifically:

- in the environment sector, the strengthening of its presence in the treatment of the residual portion after separate waste collection – around 1 million tonnes - is planned through both organic growth and targeted acquisition operations, and a renewed commitment in engineering activities and EPC, in Italy and abroad. Waste collection will also record an increase in the inhabitants served by 2019 of 20% compared to 2014. The relaunch of the environment will contribute to the growth of the EBITDA for around 54 million euros;
- in the natural gas distribution sector investments are planned aimed at consolidating and reinforcing the Group's presence in the areas covered following participation in tenders currently being finalized for the awarding of the service (+13% gas redelivery points at the end of the plan with respect to 2014 and over 19 million euros EBITDA);
- district heating will be further developed generating, by 2019, a 18% increase in the volumes supplied and around 28 million euros of EBITDA compared to 2014 through the optimization of the existing network, the strengthening of the most competitive heat sources, and by exploiting the consolidated presence of A2A in the main urban centres of Lombardy, many of which are still characterized by low levels of market share;
- the retail segment of the energy business will be characterized by an important expansion phase, in continuity with the strategic guidelines already outlined, with significant investments intended to strengthen the sales channels in order to triple the customers served in both the gas and electricity markets in the period 2015-2019. The contribution to the growth of the EBITDA is expected to be around 53 million euros.
- the margin of EPCG, the Group's subsidiary company in Montenegro, also shows growth over the period of the plan (approx. +60 million euros by 2019) resulting from the increase in electricity production, further operational efficiencies and the change in tariffs starting from 2016.

REDESIGN OF THE OPTIONS FOR THE FUTURE

The third group of activities is aimed, through gradual and scalable investments, at laying the foundations for allowing A2A to seize the growing options arising from the Smart Cities and the Green Economy. The following are planned: the start of the activities necessary to successfully address the paradigm change of the electricity sector, laying the groundwork for the creation of new industrial solutions, developed starting with projects that are already operationally underway (e.g. LED project in the Municipalities of Milan and Brescia and in line with business energy efficiency), and moving on to more innovative services again in the areas of energy conservation, the energy community and smart grids. The contribution to the overall growth of the EBITDA of these activities is around 33 million euros.

The achievement of these objectives will also be pursued in respect of and through three further guidelines:

- **Discipline in operations and in the structure of the capital,** broken down in accordance with the following directives:
    - **Creation of an efficient organization**, geared towards achieving the results, with dedicated BUs, efficient staff, simplified governance and greater powers to the management;
    - **Operating efficiency**: as well as continuing with the identification and creation of initiatives to improve operational efficiency (anticipated savings over the period of the plan of around 130 million euros of operating costs), an ambitious project was launched (not yet in terms of numbers in the plan) to review the Group's Corporate and Business processes from the perspective of continuous improvement. The project objective is to increase the efficiency and effectiveness of company processes, at the same time improving flexibility and ensuring the careful monitoring of operations;
    - **Policy of dividend growth** in line with the development of the plan**, but consistent with the strengthening of the capital and financial solidity of the Group.** The Strategic Plan provides for the confirmation for the years 2015 and 2016 (DPS equal to around 3.6 euro cents) of the 2014 dividend in turn increased by 10% with respect to 2013. Significant growth is expected for the subsequent years of the plan in line with the development of the industrial results and with the simultaneous strengthening of the financial solvency indexes for the purposes of maintaining a debt risk profile consistent with a solid *"Investment Grade"*.

- **Dialogue aimed at increasing the value of employees and the quality of life in the regions.** In this context, in order to develop active participation and merit, some important projects were launched, including:
    - Gulliver Project, dedicated to the rotation of skills and working experiences within the company;
    - Futura2a project, aimed at developing young talents, retaining them and developing innovation;
    - managing transversal projects with recourse to PMOs chosen from among the Group's young people;
    - launch of the territorial Sustainability Reports accompanied by specific commitments made in the stakeholder forums;
    - initiatives for improving the quality of the projects reporting, activities and results of the company.

- **Digitization and technological transformation**. 8 projects for the digital and technological transformation of A2A, through the broader and more modern use of digital channels and a new positioning of the company brand, with the purpose of acquiring new customers, developing cross-selling, expanding the range of services and preserving the quality level of the service, which is now the highest in the sector. The adoption of the emerging technologies will also improve the efficiency and effectiveness of the work system.

The set of actions described above will help to achieve the following expected results:

A2A Group Financial Objectives

		2014	2015	2019	CAGR 14-19
Ebitda	*billion €*	~1.0	~1.0	~1.4	~5.8%
Group Net Profit	*billion €*	~-0.0	~0.2	~0.4	~17.7%
Dividend per share	*€c / share*	~3.6	~3.6	~7.5	~15.8%
Net Financial Debt	*billion €*	~3.4	~3.2	~2.5	
Net Financial Debt / Ebitda	*x*	~3.3x	~3.1x	~1.9x	

Other Indicators

		2015-2019
Investments	*billion €*	~2.1
Operating Cash Flow	*billion €*	~3.7
Net Free Cash Flow *(after investments and dividends)*	*billion €*	~0.8

The CEO **Luca Valerio Camerano** commented as follows: "*The aim of the Plan is to gradually reposition A2A in a strategic quadrant where it will come back to growth and with greater profitability, all this counting on its resources and maintaining great economic-financial equilibrium. This requires courage and determination in addressing the critical issues of the thermoelectric sector and at the same time accelerating growth in the businesses in which we have leadership, Environment, Networks and energy services. The future will also belong to those who know how to best exploit the evolution of technologies applicable to the Smart City and the Green Economy, and here we will invest the resources and attention essential to enrich our know-how and seize the real opportunities at the right moment*".

The Chairman, ***Giovanni Valotti*** commented as follows "*The industrial plan prepared for the next five-year period provides a valid reason to believe and invest in A2A. We have built it starting by sharing a vision of the future and of the company. The A2A that we have imagined by 1 January 2020 is a market leader company capable of ensuring its customers the best standards of quality of service, pursuing industrial development objectives capable of generating value for the shareholders, workforce, territories and communities served. Our Plan is the connection between 2020 and today. A connection made of concrete projects, innovation and* *a great deal of expertise. A shared Plan that will commit all employees of A2A day after day. In the background, a system of values will guide the behaviour of all of us: entrepreneurship, technological and managerial innovation, efficiency and quality, ethics and legality, the protection of the environment and of health, sustainability, expertise, attention to people, openness to listening, transparency and social responsibility. We believe in our Plan, and at the same time we deem it to be ambitious and realistic. The work to implement it has already begun and the first results are comforting. We will continue with determination and pragmatism, and with the ambition of delivering a company by 2020 that we can all be proud of".*

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Obligations to inform the public provided for by Consob resolution no. 11971 of 14.5.1999 and subsequent amendments.