PRESS RELEASE – 15 May 2014

The A2A S.p.A. Management Board has examined and approved the Interim Report on operations at 31 March 2014

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The Net Profit, up by 5.3%, reached 80 million euros

The Net Financial Debt, amounting to 3,721 million euros, was down by a further 153 million euros

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Milan, 15 May 2014 – At today's meeting of the A2A S.p.A. Management Board, chaired by Mr Graziano Tarantini, the Board examined and approved the Interim Report on operations at 31 March 2014.

The quarter was marked by a further drop in the company's net debt (for the seventh consecutive quarter) and an increase in the net profit. The industrial margin (Ebitda), net of the effects on sales of energy for heating (heat and gas) deriving from the high and unusual temperatures recorded in the first quarter of the year, was in line with that of the corresponding quarter of 2013.

These results were achieved also thanks to the positive contribution of the plan to improve operational efficiency plan currently in progress, which made it possible to counteract the current economic situation in the electricity sector which continues to be very negative. This sector saw a drop in the domestic demand for the tenth consecutive quarter (-3.7%) and the market prices in the period were lower by over 10 euros/MWh (-18%) and 29 euros/MWh (-36%) compared to the corresponding periods of 2013 and 2012.

The Gross Operating Margin amounted to 305 million euros (328 million euros in the first quarter of 2013). The reduction of 23 million euros includes the effects connected to the high temperatures which can be quantified at around 20 million euros, as well as those relative to the expiry (from October 2013) of the CIP6 incentive on the production of electricity by the waste-to-energy plant in Brescia, for 11 million euros. These impacts were partially offset by effective ordinary operations.

With reference to the individual activity sectors, the profitability of the Networks Business, the Environment Business (despite the CIP6 expiry) and the Energy Business was essentially stable. Commercial development in the Cogeneration and District Heating Business, on the other hand, was not able to offset the drop in sales deriving from the unusual climate conditions.

The net operating income of the period amounted to182 million euros (+2.2%), while the Group result of the period reached 80 million euros (+5.3%).

During the period the generation of net cash was positive and equalled 153 million euros, after investments for 50 million euros. The Net Financial Position at the end of March 2014 thus amounted to 3,721 million euros (3,874 million euros at 31 December 2013).

Main consolidated results of the A2A Group at 31 March 2014

in millions of euros	**3 months 2014**	**3 months 2013**	**Δ %**
Revenues	1,451	1,589	-8.7%
Gross Operating Income - EBITDA	305	328	-7.0%
Net Operating Income - EBIT	182	178	+2.2%
Group Net result	80	76	+5.3%

in millions of euros	**3 months 2014**	**Year 2013**	**Δ**
Consolidated net financial debt	**3,721**	**3,874**	-153

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Business outlook for operations

Managerial action will continue in the following months aimed at achieving a further reduction of the net financial position and an improvement in the net profit from ordinary operations with respect to that achieved in the last financial year. Further improvements expected in the operating efficiency will contribute to these results.

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Operating performance of the Group

The electricity sold on the wholesale and retail markets by the Group's companies (net of the contribution of the subsidiary company EPCG in Montenegro) equalled[1] 12.5 TWh (billion kilowatt hours), an increase of 31% compared to the first quarter of 2013.
Sales concerned the domestic market for 9.1 TWh and foreign markets for 3.4 TWh.
The Group's plants contributed, for 3.1 TWh,[2] to fulfil the demand.

[1] Net of the energy sold and simultaneously reacquired by the Power Exchange.
[2] The production includes the full contribution of the Edipower plants, excluding the thermoelectric plant in Turbigo and the hydroelectric plant in Tusciano, transferred to Iren Energia S.p.A. in November 2013.

Specifically, in the period in question, thermoelectric production equalled 1.6 TWh (-32%) while hydroelectric production reached 1.3 TWh (+31%).
The production of electricity from co-generation, waste-to-energy and biogas plants amounted to 0.2 TWh (a reduction of 58%, net of the intercompany sales).

The EPCG Group produced a total of 0.9 TWh (-25%), of which 0.4 TWh was from thermoelectric sources (-1%) and 0.5 TWh from hydroelectric sources (-37%). The reduced production can therefore be attributed to the hydroelectric source which, in the first quarter of 2013, achieved results above the historical average due to the exceptional rainfall.
These dynamics, with respect to the essential stability of the domestic demand (-1.7%), led to an increase in the quantity of electricity imported (+0.2 TWh).
Sales to end users amounted to 1.1 TWh, down by -0.1 TWh compared to the first quarter of 2013.
The electricity distributed on the medium and low voltage network in Montenegro amounted to 0.7 TWh (-10%).

In the period in question, gas sales amounted to 1,006 million cubic metres, up by 129 million cubic metres mainly due to greater brokerage activities on the wholesale markets.

Sales of heat on the other hand, equal to 1.0 thermal TWh, recorded a decrease of 19% compared to the first three months of the previous year, mainly due to the effect of the high temperatures that characterized the winter quarter. The co-generation and waste-to-energy plants contributed to covering the thermal load with an overall production of 0.9 thermal TWh (-21%).

The quantity of waste disposed of equalled 0.6 million tonnes (+2%).

The electricity distributed amounted to 2.8 TWh, down by 2% compared to the first quarter of 2013. The quantities of gas distributed amounted to 860 Mcm (-12%), while the water distributed amounted to 15 Mcm (16 Mcm in the first quarter of 2013).

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Economic results

Revenues of the A2A Group, amounting to 1,451 million euros, were down by 138 million euros compared to the first quarter of 2013 mainly due to the effect of the reduction in energy sales for heating resulting from the high temperatures recorded in the period.

The **Gross Operating Income** equalled 305 million euros, a decrease of 23 million euros compared to the first quarter of 2013. The following table shows the composition by business area:

Millions of euros	**03.31.2014**	**03.31.2013**
Energy Business	147	153
Environment Business	57	57
Heat and Services Business	39	55
Networks Business	67	67
Other Services and Corporate	(5)	(4)
Total Ebitda	**305**	**328**

The Gross Operating Income of the *Energy Business* equalled 147 million euros, a decrease of 6 million euros compared to the first quarter of 2013.
This reduction can essentially be attributed to the results of the subsidiary company EPCG which, although positive and amounting to 20 million euros, in this sector show a reduction of 13 million euros compared to the first quarter of 2013, which benefited from a higher production of hydroelectricity.
Net of these effects, the Gross Operating Income of the Energy Business instead recorded a growth compared to the first quarter of the previous year thanks to an increase in the margin achieved on the environmental certificates market and the positive performance of the trading activity.

The Gross Operating Income of the *Environment Business* equalled 57 million euros, in line with the first quarter of 2013. In the period in question, in fact, the lower revenues due to the expiry of the CIP6 agreement relative to the waste-to-energy plant in Brescia were offset by the higher margins achieved by the industrial activities of waste disposal (in particular by the good performance of the waste-to-energy plant in Acerra), as well as the expansion of the collection and street sweeping services in the Municipality of Como and in some municipalities of the Milan hinterland.

The Gross Operating Income of the *Heat and Services Business* equalled 39 million euros, a decrease of 16 million euros compared to the first quarter of 2013.
The reduction of the margin, relative to both the District Heating and the Heat Management Sectors, can essentially be attributed to the unusual climatic conditions in the first quarter of 2014 as compared with the first quarter of 2013 which, on the contrary, recorded temperatures lower than the historical averages. This negative effect was only partially offset by the effective action of commercial development.

The margin of the *Networks Business* amounted to 67 million euros, in line with the result of the first quarter of the previous year.

The **Amortisation and depreciation, provisions and write-downs** equalled 123 million euros (150 million euros at 31 March 2013). The decrease of 27 million euros can mainly be attributed to lower amortisation and depreciation and lower provisions for risks.

Due to the effect of the dynamics explained above, the **Net Operating Income (EBIT)** equalled 182 million euros (178 million euros at 31 March 2013).

Net financial charges equalled 44 million euros (41 million euros in the first quarter of 2013). The period in question recorded a negative variation of the fair values of the financial derivatives for 9 million euros offset by lower financial charges for 6 million euros resulting from the reduction of the average debt for the period.

Affiliates were positive for 4 million euros (unvaried with respect to 31 March 2013) and can mainly be attributed to the valuation according to the equity method of the shareholdings in Dolomiti Energia S.p.A. and ACSM-AGAM S.p.A..

Income taxes in the period in question equalled 54 million euros (55 million euros at 31 March 2013).

The **Group result of the period**, after the Minorities were deducted, equalled 80 million euros (76 million euros at 31 March 2013).

Financial position and assets

The consolidated **Net Employed capital** at 31 March 2014 came to 7,120 million euros and was covered by the Net Equity for 3,399 million euros and the net financial debt for 3,721 million euros.

The **Net Working capital** amounted to 555 million euros, down by 186 million euros compared to 31 December 2013.

The **Net fixed assets**, including the "Assets/Liabilities held for sale", were equal to 6,565 million euros, up by 84 million euros compared to 31 December 2013.

The **Net financial position**, equal to 3,721 million euros, improved by 153 million euros compared to 31 December 2013 following the positive generation of cash flow attributable to the operating activities, partially offset by the resources absorbed by the investment activities for 50 million euros.

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The Executive responsible for drawing up A2A S.p.A. company accounting documents 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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The following are attached: the accounting tables of the A2A Group, extracted from the Interim Report on operations at 31 March 2014.

<u>For further information:</u>

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Duty to notify the public in accordance with Consob decision no. 11971 of 14.5.1999 as amended.

CONSOLIDATED BALANCE SHEET (millions of euro)	03/31/2014	12/31/2013	03/31/2013
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	5,870	5,930	6,304
Intangible assets	1,320	1,306	1,387
Shareholdings carried according to equity method	191	187	214
Other non-current financial assets	51	53	54
Deferred tax assets	375	372	267
Other non-current assets	57	53	87
TOTAL NON-CURRENT ASSETS	**7,864**	**7,901**	**8,313**
CURRENT ASSETS			
Inventories	214	284	199
Trade receivables	2,036	1,889	2,076
Other current assets	268	383	362
Current financial assets	116	107	56
Current tax assets	44	70	59
Cash and cash equivalents	551	376	629
TOTAL CURRENT ASSETS	**3,229**	**3,109**	**3,381**
NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**	**328**
TOTAL ASSETS	**11,093**	**11,010**	**12,022**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,629	1,629	1,629
(Treasury shares)	(61)	(61)	(61)
Reserves	1,186	1,161	1,277
Result of the year	-	62	-
Result of the period	80	-	76
Equity pertaining to the Group	**2,834**	**2,791**	**2,921**
Minority interests	565	557	856
Total equity	**3,399**	**3,348**	**3,777**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	4,003	3,982	4,337
Employee benefits	337	339	323
Provisions for risks, charges and liabilities for landfills	578	605	609
Other non-current liabilities	349	436	413
Total non-current liabilities	**5,267**	**5,362**	**5,682**
CURRENT LIABILITIES			
Trade payables	1,166	1,306	1,167
Other current liabilities	818	566	659
Current financial liabilities	420	415	660
Tax liabilities	23	13	26
Total current liabilities	**2,427**	**2,300**	**2,512**
Total liabilities	**7,694**	**7,662**	**8,194**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**	**51**
TOTAL EQUITY AND LIABILITIES	**11,093**	**11,010**	**12,022**

CONSOLIDATED INCOME STATEMENT (millions of euro)	01/01/2014 03/31/2014	01/01/2013 03/31/2013 (*)	01/01/2013 12/31/2013
Revenues			
Revenues from the sale of goods and services	1,409	1,538	5,389
Other operating income	42	51	215
Total Revenues	**1,451**	**1,589**	**5,604**
Operating expenses			
Expenses for raw materials and services	936	1,043	3,567
Other operating expenses	49	54	240
Total Operating expenses	**985**	**1,097**	**3,807**
Labour costs	**161**	**164**	**664**
Gross operating income - EBITDA	**305**	**328**	**1,133**
Depreciation, amortization, provisions and write-downs	**123**	**150**	**876**
Net operating income - EBIT	**182**	**178**	**257**
Result from non-recurring transactions	**-**	**(1)**	**75**
Financial balance			
Net financial charges	(44)	(41)	183
Affiliates	4	4	(23)
Result from disposal of other shareholdings (AFS)	-	-	-
Total financial balance	**(40)**	**(37)**	**(206)**
Result before taxes	**142**	**140**	**126**
Income taxes	**54**	**55**	**51**
Result after taxes from operating activities	**88**	**85**	**75**
Net result from discontinued operations	-	-	-
Net result	**88**	**85**	**75**
Minorities	**(8)**	**(9)**	**(13)**
Group result of the period	**80**	**76**	**62**

(*) According to the new adopted Income Statement structure the comparative figures for the period January-March 2013 have been reclassified.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	03/31/2014	03/31/2013	12/31/2013
Net result (A)	**88**	**85**	**75**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	-	-	(20)
Tax effect of other actuarial gains/(losses)	-	-	5
Total actuarial gains/(losses) net of the tax effect (B)	**-**	**-**	**(15)**
Effective part of gains/(losses) on cash flow hedge	(57)	(2)	(8)
Tax effect of other gains/(losses)	21	1	3
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	**(36)**	**(1)**	**(5)**
Other gains/(losses) of companies valued at equity net of the tax effect (D)	-	-	-
Total comprehensive result (A)+(B)+(C)+(D)	**52**	**84**	**55**
Total comprehensive result attributable to:			
Shareholders of the parent company	**44**	**75**	**42**
Minority interests	**8**	**9**	**13**

CONSOLIDATED CASH-FLOW STATEMENT (millions of euro)	03/31/2014	12/31/2013	03/31/2013
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	**376**	**553**	**553**
Operating activities			
Net Result (**)	**88**	**(9)**	**85**
Tangible assets depreciation	100	420	105
Intangible assets amortization	15	66	15
Fixed assets write-downs/disposals	-	260	2
Result from affiliates	(4)	23	(4)
Net taxes paid (a)	-	(122)	-
Gross change in assets and liabilities (b)	7	141	(21)
Total change of assets and liabilities (a+b) (*)	7	19	(21)
Cash flow from operating activities	**206**	**779**	**182**
Investment activities			
Investments in tangible assets	(37)	(227)	(40)
Investments in intangible assets and goodwill	(13)	(57)	(14)
Investments in shareholdings and securities (*)	-	(3)	-
Disposal of fixed assets and shareholdings	-	53	4
Dividends received	-	3	-
Cash flow from investment activities	**(50)**	**(231)**	**(50)**
FREE CASH FLOW	**156**	**548**	**132**
Financing activities			
Change in financial assets (*)	(14)	(96)	(33)
Change in financial liabilities (*)	46	(369)	(11)
Net financial interests paid	(13)	(173)	(12)
Dividends paid by the parent company	-	(81)	-
Dividends paid by the subsidiaries	-	(6)	-
Cash flow from financing activities	**19**	**(725)**	**(56)**
CHANGE IN CASH AND CASH EQUIVALENTS	**175**	**(177)**	**76**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	**551**	**376**	**629**

(*) Cleared of balances in return of shareholders' equity and other balance sheet items.
(**) Net Result is exposed net of gains on shareholdings' and fixed assets' disposals.

Statement of changes in Group equity

(millions of euro)

Description	Share capital	Treasury shares	*Cash Flow Hedge*	Other Reserves and retained earnings	Result of the period/year	Total Equity pertaining to the Group	Minority interests	Total Net shareholders equity
Net equity at December 31, 2012	**1,629**	**(61)**	**(16)**	**1,034**	**260**	**2,846**	**851**	**3,697**
Changes of the first quarter of 2013								
2012 result allocation				260	(260)			
IAS 32 and 39 reserves (*)			(1)			(1)		(1)
Put option on Edipower S.p.A. shares				(3)		(3)		(3)
Other changes				3		3	**(4)**	(1)
Group and minorities result of the period					76	76	**9**	85
Net equity at March 31, 2013	**1,629**	**(61)**	**(17)**	**1,294**	**76**	**2,921**	**856**	**3,777**
Changes from 1st april to 31st december of 2013								
Distribution of dividends				(81)		(81)	**(6)**	(87)
IAS 19 Revised reserves (*)				(15)		(15)		(15)
IAS 32 and 39 reserves (*)			(4)			(4)		(4)
Put option on Edipower S.p.A. shares				(21)		(21)		(21)
Effects from non-proportional partial Edipower S.p.A. demerger							**(297)**	(297)
Other changes				5		5		5
Group and minorities result of the period					(14)	(14)	**4**	(10)
Net equity at December 31, 2013	**1,629**	**(61)**	**(21)**	**1,182**	**62**	**2,791**	**557**	**3,348**
Changes of the first quarter of 2014								
2013 result allocation				62	(62)			
IAS 32 and 39 reserves (*)			(36)			(36)		(36)
Other changes				(1)		(1)		(1)
Group and minorities result of the period					80	80	**8**	88
Net equity at March 31, 2014	**1,629**	**(61)**	**(57)**	**1,243**	**80**	**2,834**	**565**	**3,399**

(*) These form part of the statement of comprehensive income.