PRESS RELEASE – 10 May 2017

The A2A S.p.A. Board of Directors has examined and approved the quarterly Information as at 31 March 2017

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Gross Operating Margin at 403 million euros (+28% compared to the first quarter of 2016). Brilliant results in Generation. Strong organic and external growth in the other BUs. EPCG penalized by low rainfall conditions

Group Net Profit at 180 million euros (+14% compared to the first quarter of 2016)

Ordinary Net Profit at 180 million euros, recorded strong growth (+55% compared to the first quarter of 2016)

Investments of 62 million euros, up by 22% compared to the first quarter of 2016

Net Financial Position, amounting to 3,027 million euros, down by 109 million euros compared to 31 December 2016

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Milan, 10 May 2017 – At today's meeting of the Board of Directors of A2A S.p.A., chaired by Mr. Giovanni Valotti, the Board examined and approved the quarterly Information as at 31 March 2017.

The first quarter of the year closed with highly satisfactory economic-financial results that exceeded the Company's expectations. The strong growth, recorded in all the significant economic indicators, was the result of improved performances by all the BUs (except for EPCG) and, in particular, by Generation which – as envisaged in the new 2017-2021 Business Plan – was able to benefit from the volatile market conditions. The full consolidation, as of 1 January, of the acquisitions made during 2016, starting with the Linea Group Holding ("LGH"), also contributed to the increased margins.

The scenario of the first quarter of 2017 was characterized by high electricity and gas prices: the PUN Base Load amounted to 57.4 €/MWh, rising by 45.1% compared to 39.6 €/MWh in the first quarter of 2016 and the average price of gas at the PSV amounted to 20.4 €/MWh, up by 41.5% compared to the same period of the previous year.
These price levels in the Italian wholesale markets, mainly recorded in the month of January, confirm the trend already recorded in the last quarter of 2016 determined, primarily, by the continued stoppage of several French nuclear power plants together with the exceptional cold snap.
The A2A Group managed to seize the opportunity offered by this energy context thanks to the availability of flexible CCGT thermoelectric plants capable of varying their production output in an extremely limited timeframe.

The expansion of the Group's consolidation scope includes, as mentioned, LGH as well as other 6 minor companies acquired in 2016 and operating in the Waste, Heat (Energy Efficiency) and Networks sectors. The contribution to the growth of the gross operating margin deriving from the new companies acquired amounts to 30 million euros.

The "Ordinary" Net Profit, amounting to 180 million euros, was up by 64 million euros compared to the first three months of 2016 (116 million euros at 31 March 2016). The Ordinary Net Profit of the first 3 months of 2016 excludes the non-recurring items (overall amounting to 42 million euros) that can be associated with the effects produced by the partial, non-proportional demerger of Edipower in favour of Cellina Energy S.r.l., effective as of 1 January 2016 while, in relation to the first quarter of 2017, no extraordinary items with an effect on the Group's net profit were identified.

The "Reported" net profit, amounting to 180 million euros, was up by 14% compared to the first three months of the previous year.

During the period the generation of net cash was positive and equalled 109 million euros, after investments for 62 million euros. The Net Financial Position as at 31 March 2017 thus amounted to 3,027 million euros (3,136 million euros at the end of 2016).

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Consolidated results at 31 March 2017

millions of euros	**3 months 2017**	**3 months 2016**	**Δ**	**Δ %**
Revenues	**1,686**	**1,287**	+399	+31.0%
Gross Operating Income - EBITDA	**403**	**314**	+89	+28.3%
Net Operating Income - EBIT	**285**	**196**	+89	+45.4%
“Ordinary” Net Result	**180**	**116**	+64	+55.2%
“Reported” Net Result	**180**	**158**	+22	+13.9%

In the first quarter of 2017, the **Revenues** of the A2A Group amounted to 1,686 million euros, up by 399 million euros on the first three months of the previous year (+31%). Net of the contribution of LGH, the increase in revenues is mainly due to the greater revenues from electricity and gas sales on the wholesale markets and the greater sales of electricity on the IPEX following the greater volumes traded and the increasing prices recorded in the first quarter of the current year with respect to 2016.

The **Gross Operating Margin** amounted to 403 million euros, an increase of 89 million euros compared to the first quarter of 2016 (+28%).
In addition to the contribution from the Generation and Trading Business Unit, the other Business Units of the Group also recorded increased margins, except for the Foreign Business Unit which, penalized by poor hydraulicity, had to resort to greater imports in a context with exceptionally high prices.

The **Net Operating Income**, amounting to 285 million euros, was up by 89 million euros on the first three months of 2016 (196 million euros) corresponding to the increase in the Gross Operating Margin as described above, as the total depreciation, amortisation, and provisions were in line with the first quarter of the previous year. The depreciation and amortisation for the period recorded an increase of 9 million euros, mainly deriving from the consolidation of *Linea Group Holding*, offset by the lower provisions for potential risks (9 million euros less than in the first three months of 2016).

The **Net Profit pertaining to the Group** in the first three months of 2017 amounted to 180 million euros (158 million euros at 31 March 2016).
The profit growth, amounting to +22 million euros (+14%), as well as the improved Net Operating Income, was mainly due to:

- lower net financial charges (6 million euros less than 31 March 2016), due to the lower net financial charges deriving from the reduction in average debt and the effects of the financial strategy actions implemented by the Group;
- the lower result recorded by the minorities of 2 million euros (EPCG and LGH Group).

While, compared with the first quarter of the previous year, the following had a negative impact:

- the booking in the first quarter of 2016 of a non-monetary capital gain of 52 million euros, related to the partial, non-proportional demerger of Edipower with effect as of 1 January 2016, in favour of Cellina Energy, a full subsidiary of Società Elettrica Altoatesina S.p.A.;

- the higher tax load in 2017, despite a lower Group tax rate (around 26 million euros of higher taxes compared to the first 3 months of 2016) resulting from greater pre-tax profit recorded in the first quarter of 2017.

Results by Business Unit

The following table shows the composition of the Gross Operating Income by Business Unit:

Millions of euros	**03.31.2017**	**03.31.2016**	**Change**	**Change %**
Generation and Trading	150	95	55	57.9%
Commercial	44	33	11	33.3%
Environment	71	59	12	20.3%
Networks and Heat	133	112	21	18.8%
Foreign	10	20	-10	-50.0%
Other services and Corporate	-5	-5	0	0.0%
Total	**403**	**314**	**89**	**28.3%**

Generation and Trading Business Unit

In the first quarter of 2017, the Generation and Trading Business Unit contributed to fulfil the sales demand of the A2A Group through production by the plants it owns amounting to approximately 3.7 TWh (3.4 TWh at 31 March 2016).
Thermoelectric production came to 3.0 TWh (2.5 TWh in the first quarter of 2016), while hydroelectric production amounted to 0.7 TWh (0.9 TWh in the first three months of 2016).
Thermoelectric production was up on the first three months of the previous year mainly due to the greater quantities produced by the combined cycle plants following the stoppage at the nuclear power plants in France. This increase was partially offset by the lower production of the San Filippo del Mela plant, deriving from the lower demand for electricity recorded in Sicily compared to the first quarter of 2016, when the connection cable between Sicily and the rest of Italy was not yet operational.

The revenues amounted to 949 million euros, up by 226 million euros compared to the same period of the previous year.

The Gross Operating Margin of the Generation and Trading Business Unit amounted to 150 million euros, an increase of 55 million euros compared to the first quarter of the previous year.
Net of the non-recurring income - down by around 9 million euros compared to the first quarter of 2016 - the Gross Operating Margin of the Generation and Trading Business Unit was up by around 64 million euros. The energy scenario has improved thanks to the increased demand on the domestic market caused by the reduced quantities imported from France following the stoppage of some nuclear power plants (which only became operational again in mid-February 2017) and the considerable drop in the temperature in the first half of January: this convergence of factors led to a substantial increase in electricity prices, on both the day-ahead market (MPG) and the dispatching market. This scenario was beneficial for all the Group's plants, and in particular the gas ones - CCGT - which recorded strong growth in the margins. Moreover, the growth of the gas portfolio margin, thanks to the efficiency of the purchasing policies, contributed to the excellent performance of the Generation and Trading

Business Unit .Whereas, the different structure of the must-run regime recognized for the San Filippo del Mela Plant made a negative contribution.

In the period in question, the Investments amounted to around 4 million euros, substantially in line with those made in the first three months of 2016 (3 million euros as at 31 March 2016).

Commercial Business Unit

The Commercial Business Unit recorded 2 TWh of electricity sales (-1% compared to the first quarter of 2016) and 720 million cubic metres of gas sales (+41% compared to the same period of the previous year).
The reduction in the electricity sector can mainly be attributed to the lower quantities sold to customers served under the protected regime and to large customers, partially offset by the increase in sales to the mass-market customer base.
Growth in the gas sector is mainly due to a greater number of redelivery points served on the free market and larger volumes sold to large customers, as well as the contribution of the LGH group.

The revenues amounted to 504 million euros (401 million euros at 31 March 2016), up by 26%.

The Gross Operating Income of the Commercial Business Unit equalled 44 million euros, up 11 million euros compared to the same period of 2016. Excluding the non-recurring elements, growth amounted to 13 million euros. Net of the contribution from the consolidation of the LGH group (+9 million euros), the BU grew organically by 4 million euros (+13%), benefiting from the increased number of free market customers (+60 thousand compared to the end of 2016), the performance of the unit margins and the higher volumes of gas sales.

In the period in question the Investments of the Commercial Business Unit amounted to around 1 million euros.

Environment Business Unit

In the first quarter of 2017 the quantity of waste collected, amounting to 0.4 million tonnes, was up (+18%) on the first three months of 2016. Net of the waste collected relative to the LGH Group (47 thousand tonnes), the quantity increased by 3% mainly thanks to the new municipalities under management. Even the quantity of waste disposed of, amounting to 0.9 million tonnes in the first quarter of 2017, showed an increase (+269 thousand tonnes) over the same period of 2016: in addition to the greater quantities deriving from the consolidation of the LGH Group (176 thousand tonnes), greater disposals were recorded at the treatment plants of the new companies acquired by the A2A Group in the second half of 2016.

In the first quarter of the year the *Business Unit* recorded revenues of 246 million euros (200 million euros at 31 March 2016), up by 46 million euros compared to the first quarter of the previous year.

The Gross Operating Margin of the Environment Business Unit amounted to 71 million euros, up by 12 million euros compared to the same period of the previous year. The contribution from the companies acquired in 2016 (LGH, Rieco-Resmal, LABI.co) amounted to around 9 million euros.

The organic growth therefore amounted to 3 million euros (+5%) deriving from:

- the increased margins of the collection segment following the lower structural costs recorded in the first quarter of 2017 and the new contracts won in 2016;
- the greater contributions at the inert lots landfill in Corteolona. The activity, suspended in 2016 due to environmental analyses of the water table, resumed after the decision by ARPA (Regional Agency for Environmental Protection) to exclude the landfill from the perimeter of the remediation area;
- the performance in the urban waste treatment sector was also positive, with increased contribution prices and reduced costs, where the margins did not increase solely because of the greater stoppages for planned maintenance of the TU in Acerra.

The Investments in the period amounted to 12 million euros, in line with those made in the first three months of 2016 (11 million euros at 31 March 2016).

Networks and Heat Business Unit

The electricity distributed amounted to 2.9 TWh, up (+5%) on the first quarter of 2016, while the quantities of gas distributed amounted to 1,147 million cubic meters, up by 35% (850 million cubic meters at 31 March 2016), mainly due to the contribution of the LGH group. The water distributed amounted to 16 million cubic meters, in line with the corresponding period of the previous year. The heat sales of the Business Unit amounted to 1.3 TWh, up (+15%) on the first quarter of 2016 thanks to the contribution of the LGH group and the higher sales deriving from the commercial development in place.

The revenues of the Networks and Heat Business Unit in the first quarter of 2017 stood at 315 million euros (241 million euros at 31 March 2016).

The Gross Operating Income of the Networks and Heat Business Unit amounted to 133 million euros, an increase of 21 million euros compared to the first three months of 2016.
Net of the positive non-recurring elements of income recorded in the first three months of 2017 (3 million euros) and the consolidation of LGH and Consul System (11 million euros), the growth amounted to 7 million euros (+6.25%), mainly deriving from the district heating and gas distribution sectors.

The Investments in the period in question equalled 41 million euros (33 million euros at 31 March 2016).

Foreign *Business Unit* (EPCG)

The electricity sales of the EPCG group on the domestic market amounted to a total of 0.7 TWh. The increase in imports (+22%) and the higher thermoelectric production (0.4 TWh in the period in question, an increase of 56% compared to the first quarter of 2016) contributed to fulfil the demand, offsetting the lower production from hydroelectric sources (0.3 TWh, down by 42% compared to the first quarter of 2016).

Moreover, in the period in question, the electricity distributed on the medium and low voltage network in Montenegro amounted to 0.6 TWh (in line with 31 March 2016).

The revenues amounted to 64 million euros (60 million euros at 31 March 2016).

The Gross Operating Margin equalled 10 million euros, a decrease of 10 million euros compared to the same period of the previous year. The lower hydroelectric production caused by the poor hydraulicity in the period and the increase in consumption following the particularly harsh temperatures in the first two months of 2017, led to an abrupt and exceptional increase in the prices of electricity in the region and consequently to a higher cost of imports, necessary to meet the domestic demand.

The Investments amount to 1 million euros, essentially in line with those made in the first three months of 2016.

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Balance sheet

The Balance sheet data as at 31 March 2017 is homogeneous and with the same perimeter respect to the data as at 31 December 2016, except for the disposal of the company Bellisolina S.r.l. and the full consolidation of the company Azienda Servizi Valtrompia S.p.A. which was previously consolidated using the equity method.

(millions of euro)	03.31.2017	12.31.2016	Change
CAPITAL EMPLOYED			
Net Fixed Capital	**6,110**	**6,129**	**(19)**
- Tangible assets	5,026	5,080	(54)
- Intangible assets	1,756	1,724	32
- Shareholdings and other non-current financial assets (*)	75	80	(5)
- Other non-current assets/liabilities (*)	(79)	(85)	6
- Deferred tax assets/liabilities	357	363	(6)
- Provisions for risks, charges and liabilities for landfills	(666)	(668)	2
- Employee benefits	(359)	(365)	6
of which with counter-entry to equity	*(168)*	*(168)*	
Net Working Capital and Other current assets/liabilities	**379**	**277**	**102**
Net Working Capital:	***845***	***596***	***249***
- Inventories	118	159	(41)
- Trade receivables	1,878	1,821	57
- Trade payables	(1,151)	(1,384)	233
Other current assets/liabilities	***(466)***	***(319)***	***(147)***
- Other current assets/liabilities (*)	(433)	(356)	(77)
- Current tax assets/tax liabilities	(33)	37	(70)
of which with counter-entry to equity	*(38)*	*(38)*	
Assets/liabilities held for sale (*)	**-**	**1**	**(1)**
of which with counter-entry to equity	-	-	
TOTAL CAPITAL EMPLOYED	**6,489**	**6,407**	**82**
SOURCES OF FUNDS			
Shareholders' equity	**3,462**	**3,271**	**191**
Total net debt beyond one year	3,673	3,395	278
Total net debt within one year	(646)	(259)	(387)
Total net debt	**3,027**	**3,136**	**(109)**
of which with counter-entry to equity	*8*	*15*	
TOTAL SOURCES	**6,489**	**6,407**	**82**

(*) Excluding balances included in the net debt.

Net Fixed Assets

The “**Net Fixed Assets**” amounted to 6,110 million euros, down by 19 million euros compared to 31 December 2016. The changes at 31 March 2017 are detailed below:

- the Tangible assets were reduced by 54 million euros following the depreciation and amortisation of the period for 89 million euros, partially adjusted by the investments made, amounting to 35 million euros, mainly in the Networks and Heat Business Unit and in the Environment Business Unit;
- the Intangible assets show an increase of 32 million euros attributable for 20 million euros to the effect of the investments for the period, mainly in the Networks and Heat Business Unit, for 19 million euros following the full consolidation of the items of the company Azienda Servizi Valtrompia S.p.A., for 13 million euros to the increase of environmental certificates in the industrial portfolio, partially offset by the depreciation and amortisation in the period for 16 million euros and other negative changes for 4 million euros.
- the decrease in the Shareholdings and other non-current financial assets amounting to 5 million euros can mainly be attributed to the acquisition of a further stake in the company Azienda Servizi Valtrompia S.p.A. which was full consolidated as of 1 March 2017, partially offset by the positive valuation, according to the equity method, of the shareholding in ACSM-AGAM S.p.A. for 2 million euros;
- the Other non-current assets and liabilities recorded a positive variation of 6 million euros attributable to the decrease of the security deposits from customers and the liabilities pertaining to future financial years;
- the decrease in the deferred tax assets/liabilities amounting to 6 million euros can be referred to the negative effect of the advance and deferred taxes for IRES and IRAP on variations and provisions performed exclusively for tax purposes;
- the Provisions for risks, charges and liabilities for landfills record a decrease of 2 million euros: factors contributing to this decrease included uses for 4 million euros mainly relating to decommissioning funds and other risk funds, other negative variations for 2 million euros, partially offset by the net provisions of the period for 4 million euros which mainly concerned provisions for hydroelectric fees and EPCG provisions;
- the Employee benefits show a decrease of 6 million euros.

Net Working Capital and Other Current Assets/Liabilities

The "**Net Working Capital**", defined as the algebraic sum of trade receivables, closing inventories and trade payables, amounted to 845 million euros, up by 249 million euros compared to 31 December 2016. Comments on the main items are given below.

Trade Receivables

(millions of euro)	Balance at 12/31/2016	Changes of the period	Balance at 03/31/2017
Trade receivables invoices issued	1,054	302	1,356
Trade receivables invoices to be issued	1,120	(239)	881
Bad debts provision	(353)	(6)	(359)
Total trade receivables	**1,821**	**57**	**1,878**

As of 31 March 2017 the "Trade receivables" amounted to 1,878 million euros (1,821 million euros at 31 December 2016), with an increase of 57 million euros.

The "Bad debts provision" amounted to 359 million euros and shows a net increase of 6 million euros compared to 31 December 2016.

(millions of euro)	Balance at 12/31/2016	Accruals	Utilizations	Other changes	Balance at 03/31/2017
Bad debts provision	353	9	(4)	1	359

The aging of the trade receivables is set out below:

(values in millions of euro)	12/31/2016	03/31/2017
Trade receivables of which:	**1,821**	**1,878**
Current	**456**	**676**
Past due of which:	**598**	**680**
Past due up to 30 days	*94*	*106*
Past due from 31 to 180 days	*72*	*143*
Past due from 181 to 365 days	*45*	*40*
Past due over 365 days	*387*	*391*
Invoices to be issued	**1,120**	**881**
Bad debts provision	**(353)**	**(359)**

Trade Payables

(millions of euro)	Balance at 12/31/2016	Changes of the period	Balance at 03/31/2017
Advances	3	1	4
Payables to suppliers	1,381	(234)	1,147
Total trade payables	**1,384**	**(233)**	**1,151**

The “Trade payables” amounted to 1,151 million euros and show a decrease of 233 million euros compared to the end of the previous financial year.

Inventories

(millions of euro)	Balance at 12/31/2016	Changes of the period	Balance at 03/31/2017
- Materials	*96*	*1*	*97*
- Material obsolescence provision	*(30)*	*(2)*	*(32)*
Total materials	66	(1)	65
- Fuel	77	*(39)*	38
- Others	9	*(1)*	8
Raw and ancillary materials and consumables	**152**	**(41)**	**111**
Third-party fuel	**7**	**-**	**7**
Total inventory	**159**	**(41)**	**118**

The “Inventories” amounted to 118 million euros (159 million euros at 31 December 2016), net of the relative obsolescence provision for 32 million euros (30 million euros at 31 December 2016). The increase in the obsolescence provision refers to the write-down of the stock of materials in the warehouses pertaining to EPCG.

The inventories showed the following overall negative variations for 41 million euros;

- 39 million euros related to the reduction in fuel stocks, which at 31 March 2017 amounted to a total of 38 million euros versus 77 million euros at 31 December 2016;
- 1 million euros for the reduction of the other inventories, which at 31 March 2017 amounted to 8 million euros versus 9 million euros at 31 December 2016 and refer to the inventories of the environmental certificates of the trading portfolio;
- 1 million euros relating to the reduction in material inventories, which amounted to a total of 65 million euros versus 66 million euros at 31 December 2016;
- the third parties fuel, amounting to 7 million euros, was unchanged compared to 31 December 2016.

The **“Other current assets/liabilities”** showed a net decrease amounting to 77 million euros mainly due to the increase in debts due to the Cassa per i Servizi Energetici e Ambientali (Fund for Energy and Environmental Services) and the increase in debts due to the Treasury for VAT and excise duties deriving from the seasonal nature of some sectors in which the Group operates.

Below the breakdown of the Net Working Capital by Business Unit, including changes to other current assets/liabilities:

(Millions of euros)	**03.31.2017**	**12.31.2016**	**CHANGE**
Generation and Trading	142	79	63
Commercial	345	322	23
Environment	81	41	40
Networks and Heat	(56)	(122)	66
Foreign	49	46	3
Other services and Corporate	(182)	(89)	(93)
TOTAL	**379**	**277**	**102**

The consolidated “**Employed capital**” as at 31 March 2017 came to 6,489 million euros and was covered by the Net Equity for 3,462 million euros and the Net Financial Debt for 3,027 million euros.

Shareholders’ equity

The change of the “**Shareholders’ equity**” was positive for a total of 191 million euros due to the result for the period, which was positive for 180 million euros, and the minority interests, which were positive for 11 million euros. “Minorities” amounted to 565 million euros (554 million euros at 31 December 2016) and include the share of capital, reserves and result due to the minority shareholders of EPCG and the LGH Group.

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Financial position

Net Free Cash Flow	03.31.2017	03.31.2016
EBITDA	**403**	**314**
Change in *Net Working Capital*	(249)	(134)
Change in Other assets/liabilities	67	(18)
Expenses for use of provisions, net taxes and net financial charges	(50)	(51)
FFO	**171**	**111**
Investments	(62)	(54)
Purchase of own shares	-	(37)
Net Free Cash Flow	**109**	**20**
Change in Net financial position	**109**	**20**

During the period the net cash flow generation was positive and amounted to 109 million euros thereby resulting in a Net Financial Position at 31 March 2017 of 3,027 million euros, down compared to the 3,136 million euros of 31 December 2016.

With reference to the net cash flow generation note that:

- the Net Working Capital resulted in the worsening of the Net Financial Position for around 249 million euros, mainly due to the seasonal nature of the sales and distribution of gas and heat. Note that the Group occasionally performs non-recourse credit assignments. At 31 March 2017 the receivables that have not yet expired, assigned by the Group outright and written-off from the assets in compliance with the requirements of IAS 39, amounted to a total of 1 million euros (43 million euros at 31 December 2016). The disposal was related to trade receivables. Note that the Group does not have rotating factoring programmes in place;
- the Net Financial Position showed an improvement of around 67 million euros referred to the variation of the Other assets/liabilities;
- The payment of the net financial charges, taxes and funds absorbed 50 million euros of cash while the investments in the period, as detailed below, absorbed resources of 62 million euros.

The **“Net investments”,** amounting to 62 million euros, concerned the following Business Units:

Millions of euros	**03.31.2017**	**03.31.2016**	**CHANGE**
Generation and Trading	4	3	1
Commercial	1	0	1
Environment	12	11	1
Networks and Heat	41	33	8
Foreign	1	2	(1)
Other services and Corporate	3	2	1
Total	**62**	**51**	**11**

Generation and Trading Business Unit

In the period in question the investments amounted to around 4 million euros and mainly concerned the extraordinary maintenance operations at the hydroelectric plants in Mese, Calabria and Valtellina and the thermoelectric plants of Monfalcone and Gissi.

Commercial Business Unit

The Commercial Business Unit made investments of around 1 million euros in the first quarter of 2017. These investments mainly concerned developments and evolutionary maintenance operations on the Hardware and Software platforms to support the marketing and invoicing activities.

Environment Business Unit

The investments made by the Environment Business Unit amounted to 12 million euros in the first three months of the current year and mainly concerned development and maintenance works on the waste-to-energy plants, treatment plants and landfills, and the purchasing of waste collection vehicles and containers mainly following the award of contracts to serve new Municipalities.

Networks and Heat Business Unit

The investments made by the Networks and Heat Business Unit in the period in question amounted to 41 million euros and concerned:

- in the electricity distribution sector, amounting to 11 million euros, development and maintenance work on plants and, in particular, the connection of new users, the maintenance on secondary substations, the extension and refurbishment of the medium and low voltage network and the maintenance and upgrading of primary plants;
- in the gas distribution sector, amounting to 12 million euros, development and maintenance work on plants relating to the connection of new users, the replacement of medium and low pressure pipes and meters and gas smart meters;
- in the integrated water cycle sector, amounting to 12 million euros, works on the water transport and distribution network, as well as works on the sewer networks and purification plants;

- in the district heating and heat management sector, amounting to 6 million euros, development and maintenance works on the plants and networks.

Foreign Business Unit (EPCG)

The Investments, amounting to 1 million euros, mainly refer to works to replace the traditional meters with remotely controlled meters.

Other Services and Corporate Business Unit

The Investments in the period, amounting to 3 million euros, mainly refer to work on the IT systems and the telecommunication networks.

The "**Net Financial Position**" amounted to 3,027 million euros (3,136 million euros at 31 December 2016).
The gross debt amounted to 3,973 million euros, up by 178 million euros compared to 31 December 2016.
The liquidity and equivalents amounted to 689 million euros, up by 287 million euros.
The other net financial assets/liabilities showed a positive balance of 257 million euros with a net increase of 1 million euros.
The Net Financial Position of EPCG was positive by 208 million euros (201 million euros at 31 December 2016).

The fixed rate and hedged portion of the gross debt amounts to 78%. The duration is 5.3 years.

The NFP / EBITDA coverage ratio, calculated on the rolling EBITDA of the last 12 months, amounted to 2.27 (2.55 at 31 December 2016).

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Outlook for operations

The favourable trend of the energy scenario recorded in the quarter in question, and more specifically in the month of January 2017, led to a considerable increase in the results expected in the Generation and Trading Business Unit. This improvement, compared to the expectations contained in the new business plan announced by Management in April, allows greater optimism for the financial results of the year – with a forecast Gross Operating Margin ranging between 1,170 and 1,190 million euros.
The improved operating profitability, net of the tax effects, is also expected to have an impact on the net profitability.

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Accounting standards and change to the consolidation perimeter

As of 1 January 2017, new international accounting principles or amendments to previous ones already adopted in the past financial years by the company have not been approved by the European Union.

Note that from 1 January 2017 amendments to IAS 12 "Income tax" and IAS 7 "Additional information in the financial statements on financial instruments", issued by IASB in the financial year 2016, shall apply. None of the mentioned supplements have an effect on the economic and financial results of the company nor on the presentation methods.

Moreover, the following principles have been approved by the European Union, which will apply from 2018:

- IFRS 9 "Financial instruments". The Group is carrying out an assessment of the impacts deriving from the adoption of this principle, nevertheless its application is not expected to have any significant effects on the recurring transactions.
- IFRS 15 "Revenue from contracts with customers". For the purposes of implementing this principle, the Group is planning to complete the analysis by the end of 2017 in time to present any quantitative and qualitative impacts in the annual financial statements at 31 December 2017.

Note that the consolidation perimeter at 31 March 2017 has changed with respect to 31 December 2016 due to the following transactions:

- on 31 January 2017 A2A Ambiente S.p.A. completed the disposal to Ladurner of the shareholding held in Bellisolina S.r.l. which, as a result, exited from the consolidation perimeter. The transaction was necessary in order to comply with a provision by the Italian Competition Authority, following the acquisition of 51% of the share capital of the LGH Group by A2A S.p.A.;
- on 8 March 2017 A2A S.p.A. fully subscribed the increase of the share capital, with a payment of 5.8 million euros, of the company Azienda Servizi Valtrompia S.p.A., a multiutility operating in the Brescia region specialized in particular in the water, waste and gas sectors; with this subscription, following the renouncement to exercise the option right by all the other shareholders, A2A S.p.A. increased its equity stake from 49% to 65%; it subsequently acquired a further equity stake from the other shareholders increasing its stake to 75% with an outlay of 1.5 million euros. The company Azienda Servizi Valtrompia S.p.A., which up until 31 December 2016 was valued using the equity method, is therefore full consolidated as of March 2017.

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Alternative Performance Indicators (API)

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:

- **Gross operating income (EBITDA)** is an alternative measure of operating performance, calculated as the sum of the "Net operating income" plus "Depreciation, amortisation, write-downs and provisions".
- The **"Ordinary" Net Result** is an alternative measure of operating performance, calculated by excluding from the Group's net result the items deriving from non-recurring transactions (net of related parties) and the write-down of assets, goodwill and equity investments, as well as impairment reversals (net of the relative tax effects).
- 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.

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On the basis of the Issuer Regulations, amended by Consob, with Resolution no. 19770 of 26 October 2016 effective as of 2 January 2017, article 82-ter (additional periodic financial information), the Board of Directors, in order to ensure continuity and regular information for the financial community, has decided to continue to publish the quarterly information on a voluntary basis, adopting the following disclosure policy effective as of financial year 2017 and until otherwise resolved.

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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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The Board of Directors has resolved not to co-opt any member of the Board itself to replace Michaela Castelli who resigned on 3 May 2017, given that the shareholders' meeting will shortly be held and its agenda will include, *inter alia*, the appointment of the Board of Directors.

The Board of Directors and the Board of Statutory Auditors thank Ms. Castelli for the contribution she has assured the Company.

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The accounting tables of the A2A Group, as at 31 March 2017, are attached.

For further information:
Media relations: tel. 02 7720.4583, ufficiostampa@a2a.eu
Investor Relations: tel.02 7720.3974, ir@a2a.eu
www.a2a.eu

CONSOLIDATED BALANCE SHEET (millions of euro)	03.31.2017	12.31.2016	03.31.2016
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	5,026	5,080	5,022
Intangible assets	1,756	1,724	1,360
Shareholdings carried according to equity method	62	67	70
Other non-current financial assets	78	69	76
Deferred tax assets	357	363	305
Other non-current assets	22	12	6
TOTAL NON-CURRENT ASSETS	**7,301**	**7,315**	**6,839**
CURRENT ASSETS			
Inventories	118	159	98
Trade receivables	1,878	1,821	1,547
Other current assets	248	388	335
Current financial assets	200	218	233
Current tax assets	70	70	69
Cash and cash equivalents	689	402	559
TOTAL CURRENT ASSETS	**3,203**	**3,058**	**2,841**
NON-CURRENT ASSETS HELD FOR SALE	**2**	**6**	**2**
TOTAL ASSETS	**10,506**	**10,379**	**9,682**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,629	1,629	1,629
(Treasury shares)	(54)	(54)	(98)
Reserves	1,142	918	1,018
Result of the year	-	224	-
Result of the period	180	-	158
Equity pertaining to the Group	**2,897**	**2,717**	**2,707**
Minority interests	565	554	425
Total equity	**3,462**	**3,271**	**3,132**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	3,730	3,436	3,090
Employee benefits	359	365	327
Provisions for risks, charges and liabilities for landfills	666	668	604
Other non-current liabilities	109	112	95
Total non-current liabilities	**4,864**	**4,581**	**4,116**
CURRENT LIABILITIES			
Trade payables	1,151	1,384	1,012
Other current liabilities	681	744	707
Current financial liabilities	243	359	630
Tax liabilities	103	33	85
Total current liabilities	**2,178**	**2,520**	**2,434**
Total liabilities	**7,042**	**7,101**	**6,550**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**2**	**7**	**-**
TOTAL EQUITY AND LIABILITIES	**10,506**	**10,379**	**9,682**

CONSOLIDATED INCOME STATEMENT (millions of euro)	01.01.2017 03.31.2017	01.01.2016 03.31.2016	01.01.2016 12.31.2016
Revenues			
Revenues from the sale of goods and services	1,635	1,212	4,813
Other operating income	51	75	280
Total Revenues	**1,686**	**1,287**	**5,093**
Operating expenses			
Expenses for raw materials and services	1,035	760	2,968
Other operating expenses	78	57	253
Total Operating expenses	**1,113**	**817**	**3,221**
Labour costs	**170**	**156**	**641**
Gross operating income - EBITDA	**403**	**314**	**1,231**
Depreciation, amortization, provisions and write-downs	**118**	**118**	**775**
Net operating income - EBIT	**285**	**196**	**456**
Result from non-recurring transactions	**1**	**52**	**56**
Financial balance			
Net financial charges	(26)	(32)	(154)
Affiliates	2	2	(4)
Result from disposal of other shareholdings (AFS)	-	-	-
Total financial balance	**(24)**	**(30)**	**(158)**
Result before taxes	**262**	**218**	**354**
Income taxes	**78**	**52**	**117**
Result after taxes from operating activities	**184**	**166**	**237**
Net result from discontinued operations	2	-	2
Net result	**186**	**166**	**239**
Minorities	**(6)**	**(8)**	**(15)**
Group result of the period	**180**	**158**	**224**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	03.31.2017	03.31.2016	12.31.2016
Net result of the year (A)	**-**	**-**	**239**
Net result of the period (A)	**186**	**166**	**-**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	-	-	(27)
Tax effect of other actuarial gains/(losses)	-	-	9
Total actuarial gains/(losses) net of the tax effect (B)	**-**	**-**	**(18)**
Effective part of gains/(losses) on cash flow hedge	-	(22)	31
Tax effect of other gains/(losses)	-	6	(8)
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	**-**	**(16)**	**23**
Other gains/(losses) of companies valued at equity net of the tax effect (D)	-	-	-
Total comprehensive result (A)+(B)+(C)+(D)	**186**	**150**	**244**
Total comprehensive result attributable to:			
Shareholders of the parent company	**180**	**142**	**229**
Minority interests	**6**	**8**	**15**

With the exception of the actuarial effects on employee benefits recognized in equity, the other effects stated above will be reclassified to the Income Statement in subsequent years.

CONSOLIDATED CASH-FLOW STATEMENT (millions of euro)		03.31.2017		12.31.2016		03.31.2016
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		**402**		**636**		**636**
Edipower demerger in favour of Cellina Energy		**-**		**(38)**		**(38)**
Contribution of first consolidation of LGH and other acquisitions of 2016		**-**		**86**		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		**402**		**684**		**598**
<u>Operating activities</u>						
Net Result (**)		**186**		**181**		**114**
Tangible assets depreciation		89		374		84
Intangible assets amortization		16		55		12
Fixed assets write-downs/disposals		2		267		2
Result from affiliates		(2)		4		(2)
Net taxes paid (a)	*(1)*		*(168)*		-	
Gross change in assets and liabilities (b)	*(126)*		*89*		(63)	
Total change of assets and liabilities (a+b) (*)		(127)		(79)		(63)
Cash flow from operating activities		**164**		**802**		**147**
<u>Investment activities</u>						
Investments in tangible assets		(35)		(259)		(36)
Investments in intangible assets and goodwill		(20)		(127)		(18)
Investments in shareholdings and securities (*)		(7)		(123)		-
Disposal of fixed assets and shareholdings		-		6		-
Dividends received		-		1		-
Purchase/disposal of own shares		-		-		(37)
Cash flow from investment activities		**(62)**		**(502)**		**(91)**
FREE CASH FLOW		**102**		**300**		**56**
<u>Financing activities</u>						
Change in financial assets (*)		6		37		(37)
Change in financial liabilities (*)		224		(355)		(11)
Net financial interests paid		(45)		(133)		(47)
Dividends paid by the parent company		-		(126)		-
Dividends paid by the subsidiaries		-		(5)		-
Cash flow from financing activities		**185**		**(582)**		**(95)**
CHANGE IN CASH AND CASH EQUIVALENTS		**287**		**(282)**		**(39)**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		**689**		**402**		**559**

(*) 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, 2015	**1,629**	**(61)**	**(25)**	**1,030**	**73**	**2,646**	**613**	**3,259**
Changes of the first quarter of 2016								
2015 result allocation				73	(73)			
Purchase of own shares		(37)				(37)		(37)
IAS 32 and 39 reserve (*)			(16)			(16)		(16)
Other changes				(44)		(44)	(196)	(240)
Group and minorities result of the period (*)					158	158	8	166
Net equity at March 31, 2016	**1,629**	**(98)**	**(41)**	**1,059**	**158**	**2,707**	**425**	**3,132**
Changes from 1st april 2016 to 31st december of 2016								
Distribution of dividends				(126)		(126)	(5)	(131)
Operations of own shares		44				44		44
IAS 19 Revised reserve (*)				(18)		(18)		(18)
IAS 32 and 39 reserve (*)			39			39		39
Other changes				5		5	127	132
Group and minorities result of the period (*)					66	66	7	73
Net equity at December 31, 2016	**1,629**	**(54)**	**(2)**	**920**	**224**	**2,717**	**554**	**3,271**
Changes of the first quarter of 2017								
2016 result allocation				224	(224)			
Other changes							5	5
Group and minorities result of the period (*)					180	180	6	186
Net equity at March 31, 2017	**1,629**	**(54)**	**(2)**	**1,144**	**180**	**2,897**	**565**	**3,462**

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