PRESS RELEASE – May 10, 2018

The A2A S.p.A. Board of Directors has examined and approved the quarterly Information as at March 31, 2018

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Gross Operating Margin at 408 million euros (+4% compared to the first quarter of 2017 restated[1])

Group Net Profit at 173 million euros (180 million euros as at March 31, 2017), following the greater tax load

Investments of 76 million euros, up by 43% compared to the first quarter 2017

More than 90 million in cash generated. Net of M&A operations concluded in February for 41 million euros, the Net Financial Position is down to 3,176 million euros

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Milan, May 10, 2018 – At today's meeting the Board of Directors of A2A S.p.A., chaired by Mr. Giovanni Valotti, examined and approved the quarterly Information as at March 31, 2018.

The first quarter of the year closed with satisfactory economic-financial results that exceeded the Company's expectations. Growth was mainly driven by the Generation Business Unit, which, also thanks to the disposal of the portfolio of environmental certificates reaching maturity, more than confirmed the excellent first quarter of the previous year, favoured by exceptional market conditions coupled with the performance of the French energy market.

[1] The "restated" values include the effects deriving from the Purchase Price Allocation concluded in the first half of 2017 following the acquisition of the LGH group and the reclassification for IFRS 5 purposes of the economic items of the EPCG group.

The scenario of the first quarter 2018 was characterized by electricity and gas prices that were less favourable than those recorded in the corresponding period of 2017: the PUN Baseload amounted to 54.3 €/MWh, dropping by 5% compared to the 57.4 €/MWh in the first quarter of 2017 and the average price of gas at the PSV (Virtual Trading Point) amounted to 21.9 €/MWh, up by 7% compared to the same period of the previous year.

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Consolidated results at March 31, 2018

millions of euros	**3 months 2018**	**3 months 2017 Restated**	**Δ**	**Δ%**
Revenues	**1,812**	**1,622**	+190	+11.7%
Gross operating income - EBITDA	**408**	**393**	+15	+3.8%
Net Operating Income - EBIT	**287**	**283**	+4	+1.4%
Net profit	**173**	**180**	-7	-3.9%

In the first quarter of 2018, the **Revenues** of the A2A Group amounted to 1,812 million euros, up by 190 million euros on the first three months of the previous year (+12%).
The increase in revenues is mainly due to sales made to large electricity customers, to greater gas revenues on the wholesale markets and to the sale of green certificates.

The **Gross Operating Margin** amounted to 408 million euros, an increase of 15 million euros compared to the first quarter of 2017 (+4%).
The excellent results of the Generation Business Unit (+21 million euros on the result of the first quarter 2017) were partially offset by a decline in the Market Business Unit (-8 million euros on the results booked in March 2017), mainly linked to the greater marketing, advertising and external communication costs functional to achieving the targets set on the 2018 budget. The other Group's business units recorded margins basically in line with the results of the first quarter 2017.

The **Net Operating Income**, amounting to 287 million euros, was up by 4 million euros on the first three months of 2017 (283 million euros) corresponding to the increase in the Gross Operating Margin as described above, partially offset by the increase in depreciation and amortisation relative to investments made in 2017 and assets acquired in 2017 by means of M&A operations.

Net Profit pertaining to the Group for the first three months of 2018 came to 173 million euros, slightly down on that recorded during the corresponding period of 2017 (180 million euros during the first three months of 2017) mainly due to the greater tax load on an accrual basis.

During the period the generation of cash was positive and equalled 91 million euros, after investments for 76 million euros. This cash generation partially offset the effects of the February acquisition of a group of companies owning 5 photovoltaic plants in Italy (increased Net Financial Position for 41 million euros), thereby determining a Consolidated Net Financial Position as at March 31, 2018 of 3,176 million euros (3,226 million euros at end 2017).

Results by Business Unit

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

Millions of euros	**03.31.2018**	**03.31.2017**	**Change**	**Change %**
Generation	171	150	21	14.0%
Market	41	49	-8	-16.3%
Environment	72	71	1	1.4%
Networks and Heat	126	128	-2	-1.6%
Smart City	2	1	1	n.a.
Foreign	0	-1	1	n.a.
Other services and	-4	-5	1	n.a.
Total	**408**	**393**	**15**	**3.8%**

Generation Business Unit

In the first quarter of 2018, the Generation Business Unit contributed to fulfil the sales demand of the A2A Group through production by the plants it owns amounting to approximately 4.6 TWh (3.8 TWh at March 31, 2017).
Thermoelectric production came to 3.8 TWh (3.0 TWh in the first quarter of 2017), while hydroelectric production amounted to 0.8 TWh (0.7 TWh in the first three months of 2017).
Thermoelectric production is up on the first three months of the previous year, mainly due to the higher quantities produced by the combined cycle plants, both as a result of the full dispatching of the Scandale plant and the different function of the Gissi plant (in 2017, the swap with Sorgenia was operative relative to the Lodi plant). The San Filippo del Mela production is up following the greater calls by Terna.

The revenues amounted to 1,118 million euros, up by 169 million euros compared to the same period of the previous year.

The Gross Operating Margin of the Generation Business Unit amounted to 171 million euros, an increase of 21 million euros compared to the first quarter of the previous year.
Despite a less favourable energy scenario than last year, the Generation Business Unit recorded satisfactory results, making the most of the opportunities that arose on the dispatch market connected with the requests made by Terna following some limits to the transit of electricity on the Italian network, above all in southern Italy. The growth in the Generation Business Unit was also helped by the sale of all the long position on green certificates produced during previous years; these margins more than offset the reduction of the gas portfolio margin recorded during the first quarter of 2018 with respect to the same period of the previous year, following the greater costs of procurement.

Finally, please note the contribution of the companies operating in the photovoltaic sector (solar energy): the latest acquisition of February 2018, which followed the previous two ones finalised in autumn last year, increased A2A's installed solar capacity, bringing it to 54.1 MW.

In the period in question the Investments of the Generation Business Unit amounted to around 3 million euros (4 million euros in the first quarter of 2017).

Market Business Unit

The Market Business Unit recorded 2.6 TWh of electricity sales (+27% compared to the first quarter of 2017) and 715 million cubic metres of gas sales, basically in line with the same period of the previous year.
The increase in the electricity sector is mainly due to the greater quantities sold to customers on the free market, partly offset by the lesser sales made to customers served under the protected regime.
In the gas sector, the larger number of delivery points serviced on the free market offset the loss of customers on the protected market.

The revenues amounted to 602 million euros (549 million euros at March 31, 2017), up by 10%.

The Gross operating income of the Market Business Unit equalled 41 million euro, down 8 million euros compared to the same period of 2017. During the quarter in question, the contribution margin of the gas and electricity segments were stable, thanks to the increase in the number of customers on the free market (+34 thousand on end 2017), the stability of unitary margins of the free gas market and the greater volumes of electricity sold, which offset a reduction in margins in the large customers segment. The reduction in period Gross Operating Income is mainly linked to the higher costs of marketing, advertising and external communication in support of the acquisition of new customers envisaged over the next few months and a temporary misalignment of the distribution charges and portions of income from sale used to cover these costs.

In the period in question the Investments of the Market Business Unit amounted to around 2 million euros (1 million in the first quarter of 2017).

Environment Business Unit

In the first quarter of 2018 the quantity of collected waste, amounting to 0.4 million tonnes, was up (+3.6%) on the first three months of 2017. The quantities of waste disposed of (0.9 million tonnes in the first three months of 2018) show a slight decline (-3.4%) on the same period of 2017, as a result of the lesser quantities disposed of in the Grottaglie landfill, now being used up. In this regard, in April this year, please note that authorisation was obtained for the extension upwards for more than 1,500,000 cubic metres of waste (equivalent to approximately 1,500,000 tonnes).

In the first quarter of the year the Environment Business Unit recorded revenues of 257 million euros (246 million euros at March 31, 2017), up by 11 million euros compared to the first quarter of the previous year.

The Gross Operating Margin of the Environment Business Unit equalled 72 million euros, basically in line with the same period of last year (71 million euros as at March 31, 2017).
The positive contribution deriving from the greater conferrals made to the Corteolona landfill of inerted lots, the positive performance of the prices of the conferral of waste comparable to municipal waste, as well as to the greater disposals in some urban treatment plants, has entirely offset the smaller margins recorded following the lesser disposals made to the Grottaglie landfill and the lesser income from paper for recycling following the reduction in the prices of sale.

Investments in the period came to 18 million euros (12 million euros as at March 31, 2017).

Networks and Heat Business Unit

The electricity distributed amounted to 3 TWh, up (+2%) on the first quarter of 2017, while the quantities of gas distributed amounted to 1,176 million cubic meters, up by 2.5% (1,147 million cubic meters at March 31, 2017). The water distributed amounted to 16 million cubic meters, in line with the corresponding period of the previous year. The BU heat sales came to 1.4 TWh, recording a rise of 5% on the first quarter of 2017, mainly due to the particularly harsh temperatures of March.

The revenues of the Networks and Heat Business Unit in the first quarter of 2018 stood at 284 million euros (272 million euros at March 31, 2017).

The Gross Operating Margin of the Networks and Heat Business Unit amounted to 126 million euros, slightly down on the first three months of 2017 (128 million euros at March 31, 2017).
This dynamic is due to the positive contribution made by the gas and water distribution sector, which is more than offset by the lesser margins of the heat and electricity distribution sectors. More specifically, the positive effects deriving from the increase in the allowed revenues for gas distribution and the increase in tariffs in the water sector, approved by the Regulation Authority, have been entirely reabsorbed by the lesser unitary margins of the district heating sector and the reduction in revenues admitted for electricity distribution.

The Investments in the period in question equalled 48 million euros (33 million euros at March 31, 2017).

A2A Smart City

During the first quarter 2018, A2A Smart City booked a Gross Operating Margin of 2 million euros (1 million euros at March 31, 2017). The margin increase is mainly due to the projects - launched in the second half of 2017 - for the development of infrastructures for the installation of optic fibre cables in the municipalities of Milan and Brescia.

The Investments in the period in question equalled 2 million euros (1 million euros at March 31, 2017).

Foreign Business Unit

The Foreign Business Unit comprises the Group's business relative to the selection of market opportunities abroad, aiming to supply know-how and technologies of the core A2A business and, in particular, the development of high-technology waste treatment plants.
During the first quarter of 2018, an order was launched in Spain and activities took place for participation in foreign tenders.

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Balance sheet

The comparison of data shown on the Balance Sheet as at March 31, 2018 with that as at December 31, 2017 is influenced by the acquisition and full consolidation of a group of companies owning 5 photovoltaic plants in Italy, completed by the company A2A Rinnovabili S.p.A.

(millions of euro)	03.31.2018	12.31.2017	Change
CAPITAL EMPLOYED			
Net Fixed Capital	**5,790**	**5,780**	**10**
- Tangible assets	4,592	4,606	(14)
- Intangible assets	1,902	1,863	39
- Shareholdings and other non-current financial assets (*)	71	71	0
- Other non-current assets/liabilities (*)	(129)	(117)	(12)
- Deferred tax assets/liabilities	295	301	(6)
- Provisions for risks, charges and liabilities for landfills	(626)	(625)	(1)
- Employee benefits	(315)	(319)	4
of which with counter-entry to equity	*(47)*	*(47)*	
Net Working Capital and Other current assets/liabilities	**351**	**235**	**116**
Net Working Capital:	***756***	***437***	***319***
- Inventories	80	147	(67)
- Trade receivables	1,826	1,671	155
- Trade payables	(1,150)	(1,381)	231
Other current assets/liabilities	***(405)***	***(202)***	***(203)***
- Other current assets/liabilities (*)	(431)	(305)	(126)
- Current tax assets/tax liabilities	26	103	(77)
of which with counter-entry to equity	*(53)*	*(39)*	
Assets/liabilities held for sale (*)	**226**	**224**	**2**
of which with counter-entry to equity	*224*	*224*	
TOTAL CAPITAL EMPLOYED	**6,367**	**6,239**	**128**
SOURCES OF FUNDS			
Shareholders' equity	**3,191**	**3,013**	**178**
Total financial position beyond one year	3,498	3,488	10
Total financial position within one year	(322)	(262)	(60)
Total Net financial position	**3,176**	**3,226**	**(50)**
of which with counter-entry to equity	*26*	*29*	
TOTAL SOURCES	**6,367**	**6,239**	**128**

(*) Net of balances included in the Net Financial Position

Please also note that the details given below show the equity and financial effects deriving from the acquisitions made during the quarter by A2A Rinnovabili S.p.A.

Net Fixed Capital

The "**Net fixed capital**" amounted to 5,790 million euros, up by 10 million euros compared to December 31, 2017.
The change corresponds to an increase of 43 million euros following the differences in the consolidation perimeter, as well as a total decrease for 33 million euros. The main changes at are detailed below:

- tangible assets, net of increases linked to the consolidation perimeter for 32 million euros, are adjusted by 46 million euros, mainly in relation to:
    - investments amounting to 43 million euros, essentially in the Networks and Heat Business Unit for 19 million euros, the Environment Business Unit for 17 million euros and the Generation Business Unit for 3 million euros. Investments of around 4 million euros were then recorded, divided between the Market Business Unit, A2A Smart City and Corporate;
    - a reduction of 89 million euros due to the depreciation and amortisation for the period;

Tangible assets include "Leased assets" totalling 59 million euros, recognized in accordance with IAS 17, for which the outstanding payable to lessors at March 31, 2018 amounted to 55 million euros.

- intangible assets, net of positive changes linked to the consolidation perimeter for 10 million euros, show an increase of 29 million euros on December 31, 2017, due to:
    - 33 million euros increase for investments made during the period, essentially in the Networks and Heat Business Unit for 29 million euros and in the Market, Environment and Corporate Business Unit for a total of 4 million euros;
    - an overall increase of 17 million euros for the increase in environmental certificates of the industrial portfolio for 19 million euros, partly offset by negative reclassifications for 2 million euros;
    - decrease of 2 million euros for disposals made during the period net of accumulated depreciation;
    - decrease of 19 million euros for the depreciation charge for the period.

- shareholdings and Other non-Current Financial Assets amounted to 71 million euros, showing no change with respect to the figure posted as December 31, 2017.
- Other non-Current Assets and Liabilities show a net increase of 12 million euros, mainly deriving from the increase in other non-current payables relative to the acquisitions of equity investments made during the quarter in question;
- the Deferred tax Assets/Liabilities, showing a balance of 295 million euros, corresponding to a positive change for 1 million euros, deriving from the first consolidations and a reduction of 7 million euros referable to the net effect of the deferred tax liabilities and deferred tax assets for IRES and IRAP on variations and provisions performed exclusively for tax purposes;

- risk funds, charges and liabilities for landfills show no significant changes;
-employee benefits decrease by approximately 4 million euros and mainly refer to net disbursements of the quarter.

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 756 million euros, up by 319 million euros compared to December 31, 2017. Comments are given on the main items below.

Trade Receivables

(millions of euro)	Value at 12/31/2017	First-time consolidation effect acquisitions 2018	Changes of the period	Value at 03/31/2018
Trade receivables invoices issued	929	1	123	1,053
Trade receivables invoices to be issued	897	2	34	933
Bad debts provision	(155)		(5)	(160)
Total trade receivables	**1,671**	**3**	**152**	**1,826**

At March 31, 2018, "Trade receivables" amounted to 1,826 million euros (1,671 million euros at December 31, 2017), with an increase, net of the first-time consolidation effect of acquisitions of 3 million euros, of 152 million euros.

The "Bad debts provision" amounted to 160 million euros and shows an increase of 5 million euros compared to December 31, 2017.

The aging of the trade receivables is set out below:

(millions of euro) **Trade receivables**	**03/31/2018** **1,826**	**12/31/2017** **1,671**
Current	690	615
Past due of which:	363	314
Past due up to 30 days	95	56
Past due from 31 to 180 days	65	67
Past due from 181 to 365 days	51	37
Past due over 365 days	152	154
Invoices to be issued	933	897
Bad debts provision	(160)	(155)

Trade Payables

(millions of euro)	Value at 12/31/2017	First-time consolidation effect acquisitions 2018	Changes of the period	Value at 03/31/2018
Advances	2		0	2
Payables to suppliers	1,379	1	(232)	1,148
Total trade payables	**1,381**	**1**	**(232)**	**1,150**

"Trade payables" amount to 1,150 million euros and show an increase as a result of the change to the consolidation perimeter for 1 million euros and a negative period change of 232 million euros.

Inventories

(millions of euro)	Value at 12/31/2017	Changes of the period	Value at 03/31/2018
- Materials	71	(2)	69
- Material obsolescence provision	(20)	0	(20)
- Fuel	91	(64)	27
- Others	1	0	1
Raw and ancillary materials and consumables	**143**	**(66)**	**77**
Third-party fuel	**4**	(1)	**3**
Total inventory	**147**	**(67)**	**80**

The "Inventories" amounted to 80 million euros (147 million euros at December 31, 2017), net of the relative obsolescence provision for 20 million euros, which has not changed since December 31, 2017.
The inventories showed the following negative variations for 67 million euros:
- reduction of 2 million euros in material inventories;
- reduction of 64 million euro, mainly due to the reduction in gas inventories;
- other negative changes for 1 million euros.

"Other current assets/liabilities" are down by a net 203 million euros mainly due to:

- changes in the consolidation area for 2 million euros;
- reduction in tax receivables for 77 million euros;
- increase of 42 million euros in excise payables;
- increase of 56 million euros in payables to "*Cassa per i Servizi Energetici e Ambientali*";
- increase in amount payable to the tax authority for VAT for 16 million euros;
- reduction in social security payables for approximately 22 million euros.

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

(Millions of euros)	**03.31.2018**	**12.31.2017**	**CHANGE**
Generation	114	50	64
Market	392	357	35
Environment	46	-5	51
Networks and Heat	-63	-91	28
Foreign	2	-1	3
A2A Smart City	-10	-6	-4
Corporate	-130	-69	-61
TOTAL	**351**	**235**	**116**

The consolidated "**Capital employed**" as at March 31, 2018 came to 6,367 million euros and was covered by the Net Equity for 3,191 million euros and the Net Financial Position for 3,176 million euros.

Shareholders' equity

The overall change of the Shareholders' equity was positive for a net figure of 178 million euros.
The period result had a positive effect of 173 million euros. The change in minority interests was positive for 2 million euros, in addition to a positive change also due to the measurements in accordance with IAS 32 and 39 of cash flow hedge derivatives.

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Financial position

Net Free Cash Flow	03.31.2018	03.31.2017
EBITDA	**408**	**393**
Change in Net Working Capital	(317)	(239)
Change in Other assets/liabilities	130	67
Expenses for use of provisions, net taxes and Net financial charges	(54)	(50)
FFO	**167**	**171**
Investments	(76)	(54)
Distributed dividends	-	
Net Free Cash Flow	**91**	**117**
Change in consolidation perimeter	(41)	(8)
NFP variation	**50**	**109**

The Net Financial Position has improved by 50 million euros, coming in at 3,176 million euros as compared with the 3,226 million euros as at December 31, 2017.
The change in the consolidation perimeter, negative for 41 million euros, refers to the takeover of the financial debts of the companies acquired by A2A Rinnovabili S.p.A., whilst the net cash generated was positive for 91 million euros.

With reference to the net cash flow generation note that:

- the Net Working Capital, calculated as the algebraic sum of Trade Receivables, Trade Payables and Inventories, net of changes in the consolidation area, worsened the Net Financial Position by approximately 317 million euros, due to the increase in trade receivables for 152 million euros, the reduction of trade payables for 232 million euros, mainly due to seasonality and the reduction in inventories of gas and other fuels for 67 million euros.
  Note that during the first 3 months of 2018, the Group performed non-recourse credit assignments. As at March 31, 2018, the receivables transferred by the Group permanently and not yet matured, amount to zero euros (33 million euros as at December 31, 2017). Note that the Group does not have rotating factoring programmes in place;
- the Net Financial Position showed an improvement of around 130 million euros referred to the variation of the Other assets/liabilities;
- the payment of the net financial charges and funds absorbed 54 million euros of cash while the investments in the period, as detailed below, absorbed resources of 76 million euros;
- the change in the consolidation perimeter has worsened the Net Financial Position by 41 million euros in relation to the take-over of the financial payables of the companies acquired during the quarter by A2A Rinnovabili S.p.A.

The “**Net investments**”, amounting to 76 million euros, concerned the following Business Units:

Millions of euros	**03.31.2018**	**03.31.2017**	**Change**
Generation	3	4	-1
Market	2	1	1
Environment	18	12	6
Networks and Heat	48	33	15
A2A Smart City	2	1	1
Other services and Corporate	3	2	1
Total	**76**	**53**	**23**

Generation Business Unit

During the reporting period, investments amounted to around 3 million euros and concerned for more than 1 million euros extraordinary maintenance at the hydroelectric units in Mese, Calabria and Valtellina and for more than 1 million euros, interventions on thermoelectric plants of the Group.

Market Business Unit

The Market Business Unit made investments of around 2 million euros in the first three months of 2018. These investments regarded, for 1 million euros, evolutive maintenance works on the hardware and software platforms in support of marketing and billing and for the remainder, interventions relating to the public lighting sector to replace lighting devices with LED systems in the municipalities managed.

Environment Business Unit

The investments made by the Environment Business Unit amounted to 18 million euros in the first quarter of 2018 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.

Networks and Heat Business Unit

The investments made by the Networks and Heat Business Unit in the period in question amounted to 48 million euros and concerned:

- in the electricity distribution subsector, development and maintenance work on plants and in particular the connection of new users, maintenance work on secondary cabins, the extension and refurbishment of the medium and low voltage network and the maintenance and upgrading of primary plants (14 million euros);
- in the gas distribution subsector, development and maintenance work on plants relating to the connection of new users and the replacement of medium and low pressure piping and smart gas meters (20 million euros);
- in the integrated water cycle subsector, interventions on the water transmission and distribution network, as well as interventions on the sewers networks and purification plants (9 million euros);

- in the district heating and heat management sector, development and maintenance of plants and networks (5 million euros).

A2A Smart City

The Investments in the period, amounting to 2 million euros, mainly refer to work on the telecommunication networks.

Corporate

The Investments in the period, amounting to 3 million euros, refer to work buildings and IT systems.

The “**Net Financial Position**” amounted to 3,176 million euros (3,226 million euros at December 31, 2017).
The gross debt amounted to 3,926 million euros, down by 12 million euros compared to December 31, 2017.
The liquidity and equivalents amounted to 726 million euros, up by 35 million euros. The other net financial assets/liabilities showed a positive balance of 24 million euros with a net increase of 3 million euros.
Please also note that the change in the consolidation perimeter worsened the net financial position by a total of 41 million euros in respect of the M&A operations carried out by A2A Rinnovabili S.p.A..

The fixed rate and hedged portion of the gross debt amounts to 83%. The duration is 5 years.

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Outlook for operations

As mentioned in the Report on Operation for year 2017, Management's expectations regarding the economic-financial performance of 2018 are good: the Gross Operating Income is expected to be between 1,150 - 1,180 million euros, in addition to approximately 20-30 million euros of positive non-recurring items. Net profitability is expected between 360-390 million euros, higher than the figure recorded in 2017 (penalized by the negative effects resulting from the exercise of the put option on EPCG). Cash generation is expected to finance the growth of investments and dividends and is expected to be in the range between 0 and 100 million euros.

Accounting standards and change to the consolidation perimeter

Starting January 1, 2018, the following accounting standards that were approved during 2017, apply to the Group:

- IFRS 15: “Revenue from Contracts with customers”
- IFRS 9: “Financial instruments”

In 2018, the following main supplements to the international financial reporting standards already adopted by the Group are also approved:

- IFRS 9: “Prepayment features with negative compensation”. The integration, applicable as from January 1, 2018, allows for the measurement at amortised cost rather than direct carrying on the income statement (FVTPL) of the negative/positive difference created following the early extinguishing of a financial asset/liability. Application is envisaged as from the financial statements closed as from January 1, 2019.
- IFRIC 22 “Foreign currency transactions and advance consideration in a foreign currency”. The integration aims to clarify the date on which to use the exchange rate in order to record the non-monetary asset/liability relative to the transaction in foreign currency. Specifically, the recognition of the advance asset/liability must be carried out at the exchange rate on the day of payment/collection of the advance and in the same terms the "derecognition" of the same, once the transaction is concluded with the recognition of the related sales revenues, will take place at the same exchange rate with which the non-monetary asset/liability was recorded. Application as from January 1, 2018.
- IAS 40: “Change in use and changes to the accounting treatment”. The specific integration that changes the intended purpose (e.g. from inventories to investment) is not permitted upon simple intention of the management to change said treatment. Application as from January 1, 2018.
- IFRS 2: “Classification and measurement of share-based payments”. This deal with two main areas: the classification of a share-based payment transaction settled net of obligations for withholding tax; accounting if a change in the terms and conditions of a share-based payment transaction changes its classification from settled in cash to settled with equity instruments. Application as from January 1, 2018.

The integrations introduced and applicable as from this financial year, have had no effect on the Group's economic and equity results.

For the change in the consolidation perimeter, please refer to the information given in the section on “Balance sheet”.

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Alternative Performance Measures (APM)

Some alternative performance measures (APM) 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 margin (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 **Gross operating margin net of non-recurring items** is an alternative indicator of operating performance, calculated as the gross operating income 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., an adjustment 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.

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On the basis of the Issuer Regulations, amended by Consob, with Resolution no. 19770 of October 26, 2016 effective as of January 2, 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. company accounting documents, Andrea 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 accounting tables of the A2A Group, as at March 31, 2018, are attached.

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CONSOLIDATED BALANCE SHEET (millions of euro)	03.31.2018	12.31.2017	03.31.2017 *Restated*
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	4,592	4,606	5,075
Intangible assets	1,902	1,863	1,735
Shareholdings carried according to equity method	63	63	62
Other non-current financial assets	42	44	78
Deferred tax assets	295	301	336
Other non-current assets	8	8	22
TOTAL NON-CURRENT ASSETS	**6,902**	**6,885**	**7,308**
CURRENT ASSETS			
Inventories	80	147	118
Trade receivables	1,826	1,671	1,878
Other current assets	201	216	248
Current financial assets	7	8	200
Current tax assets	67	107	70
Cash and cash equivalents	726	691	689
TOTAL CURRENT ASSETS	**2,907**	**2,840**	**3,203**
NON-CURRENT ASSETS HELD FOR SALE	**226**	**224**	**2**
TOTAL ASSETS	**10,035**	**9,949**	**10,513**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,629	1,629	1,629
(Treasury shares)	(54)	(54)	(54)
Reserves	1,306	1,010	1,150
Result of the year	-	293	-
Result of the period	173	-	180
Equity pertaining to the Group	**3,054**	**2,878**	**2,905**
Minority interests	137	135	564
Total equity	**3,191**	**3,013**	**3,469**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	3,515	3,501	3,730
Employee benefits	315	319	359
Provisions for risks, charges and liabilities for landfills	626	625	669
Other non-current liabilities	154	148	106
Total non-current liabilities	**4,610**	**4,593**	**4,864**
CURRENT LIABILITIES			
Trade payables	1,150	1,381	1,151
Other current liabilities	632	521	681
Current financial liabilities	411	437	243
Tax liabilities	41	4	103
Total current liabilities	**2,234**	**2,343**	**2,178**
Total liabilities	**6,844**	**6,936**	**7,042**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**	**2**
TOTAL EQUITY AND LIABILITIES	**10,035**	**9,949**	**10,513**

CONSOLIDATED INCOME STATEMENT (millions of euro)	01.01.2018 03.31.2018	01.01.2017 03.31.2017 *Restated*	01.01.2017 12.31.2017
Revenues			
Revenues from the sale of goods and services	1,759	1,571	5,590
Other operating income	53	51	206
Total Revenues	**1,812**	**1,622**	**5,796**
Operating expenses			
Expenses for raw materials and services	1,183	994	3,681
Other operating expenses	56	75	281
Total Operating expenses	**1,239**	**1,069**	**3,962**
Labour costs	**165**	**160**	**635**
Gross operating income - EBITDA	**408**	**393**	**1,199**
Depreciation, amortization, provisions and write-downs	**121**	**110**	**489**
Net operating income - EBIT	**287**	**283**	**710**
Result from non-recurring transactions	**-**	**-**	**-**
Financial balance			
Financial income	4	3	19
Financial expenses	34	30	158
Affiliates	1	2	5
Result from disposal of other shareholdings (AFS)	-	-	-
Total financial balance	**(29)**	**(25)**	**(134)**
Result before taxes	**258**	**258**	**576**
Income taxes	**83**	**78**	**192**
Result after taxes from operating activities	**175**	**180**	**384**
Net result from discontinued operations	2	4	(85)
Net result	**177**	**184**	**299**
Minorities	**(4)**	**(4)**	**(6)**
Group result of the period	**173**	**180**	**293**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	03.31.2018	03.31.2017 *Restated*	12.31.2017
Net result of the year (A)			**299**
Net result of the period (A)	**177**	**184**	**-**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	-	-	19
Tax effect of other actuarial gains/(losses)	-	-	(7)
Total actuarial gains/(losses) net of the tax effect (B)	**-**	**-**	**12**
Effective part of gains/(losses) on cash flow hedge	8	-	(26)
Tax effect of other gains/(losses)	(3)	-	8
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	**5**	**-**	**(18)**
Other gains/(losses) of companies valued at equity net of the tax effect (D)	-	-	-
Total comprehensive result (A)+(B)+(C)+(D)	**182**	**184**	**293**
Total comprehensive result attributable to:			
Shareholders of the parent company	**178**	**180**	**299**
Minority interests	**(4)**	**(4)**	**(6)**

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)	03.31.2018	12.31.2017	03.31.2017 *Restated*
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	**691**	**402**	**402**
Change in EPCG consolidation method	-	(55)	-
Contribution of first consolidation of acquisitions of 2018/2017	4	7	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	**695**	**354**	**402**
Operating activities			
Net Result (**)	**177**	**297**	**186**
Tangible assets depreciation	89	338	89
Intangible assets amortization	19	72	16
Fixed assets write-downs/disposals	3	43	2
Result from affiliates	(1)	(5)	(2)
Held for sale activities write off	-	86	-
Net financial interests	30	139	27
Net financial interests paid	(49)	(115)	(45)
Net taxes paid (a)		*(192)*	*(1)*
Gross change in assets and liabilities (b)	*(128)*	*203*	*(126)*
Total change of assets and liabilities (a+b) (*)	(128)	11	(127)
Cash flow from operating activities	**140**	**866**	**146**
Investment activities			
Investments in tangible assets	(43)	(306)	(35)
Investments in intangible assets and goodwill	(33)	(148)	(20)
Investments in shareholdings and securities (*)	(1)	(23)	(7)
Disposal of fixed assets and shareholdings	-	-	-
Dividends received	-	2	-
Cash flow from investment activities	**(77)**	**(475)**	**(62)**
FREE CASH FLOW	**63**	**391**	**84**
Financing activities			
Changes in financial assets			
Monetary changes:			
Issuance of loans	*-*	*-*	*-*
Proceeds from loans	*1*	*7*	*2*
Other monetary changes	*-*	*(10)*	*(3)*
Total monetary changes	***1***	***(3)***	***(1)***
Non-monetary changes:			
Other non-monetary changes	*2*	*5*	*9*
Total non-monetary changes	***2***	***5***	***9***
TOTAL CHANGES IN FINANCIAL ASSETS (*)	**3**	**2**	**8**
Changes in financial liabilities			
Monetary changes:			
Borrowings/bonds issued	*30*	*743*	*392*
Repayment of borrowings/bond	*(63)*	*(613)*	*(199)*
Lease payments	*-*	*(2)*	*(1)*
Dividends paid by the parent company	*-*	*(153)*	*-*
Dividends paid by the subsidiaries	*-*	*(2)*	*-*
Other monetary changes	*(23)*	*(3)*	*(18)*
Total monetary changes	***(56)***	***(30)***	***174***
Non-monetary changes:			
Amortized cost valuations	*2*	*-*	*2*
Other non-monetary changes	*19*	*(26)*	*19*
Total non-monetary changes	***21***	***(26)***	***21***
TOTAL CHANGES IN FINANCIAL LIABILITIES (*)	**(35)**	**(56)**	**195**
Cash flow from financing activities	**(32)**	**(54)**	**203**
CHANGE IN CASH AND CASH EQUIVALENTS	**31**	**337**	**287**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	**726**	**691**	**689**

(*) Cleared of balances in return of shareholders' equity and other balance
(**) Net Result is exposed net of gains on shareholdings', fixed assets' disposals and from discontinued operations

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, 2016 *Restated*	**1,629**	**(54)**	**(2)**	**921**	**232**	**2,726**	**553**	**3,279**
Changes of the first quarter of 2017								
2016 result allocation				232	(232)			
IAS 32 and 39 reserves (*)								
Other changes				(1)		(1)	7	6
Group and minorities result of the period					180	180	4	184
Net equity at March 31, 2017 *Restated*	**1,629**	**(54)**	**(2)**	**1,152**	**180**	**2,905**	**564**	**3,469**
Changes from 1st april 2017 to 31st december of 2017								
Distribution of dividends				(153)		(153)	(5)	(158)
IAS 19 reserves (*)				12		12		12
IAS 32 and 39 reserves (*)			(18)			(18)		(18)
EPCG equity method							(420)	(420)
Other changes				19		19	(4)	15
Group and minorities result of the period					113	113		113
Net equity at December 31, 2017	**1,629**	**(54)**	**(20)**	**1,030**	**293**	**2,878**	**135**	**3,013**
Changes of the first quarter of 2018								
2017 result allocation				293	(293)			
IAS 32 and 39 reserves (*)			5			5		5
Other changes				(2)		(2)	(2)	(4)
Group and minorities result of the period					173	173	4	177
Net equity at March 31, 2018	**1,629**	**(54)**	**(15)**	**1,321**	**173**	**3,054**	**137**	**3,191**

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