PRESS RELEASE – 6 November 2014

The A2A S.p.A. Management Board has examined and approved the Interim Report on Operations at 30 September 2014

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Further reduction of the Net Financial Debt of 408 million euros (-11%), which amounted to 3,466 million euros.

Despite the continuation of a difficult economic context, third quarter 2014 results, slightly growing compared to the corresponding period of the previous year (Gross Operating Margin + 1.3%), mitigated the reduction of the EBITDA recorded in the first half of the year (-9.7% by June versus -6.7% by September).

The Net Operating Income at 30 September 2014 was up by 2.9% to 419 million euros.

The Net Profit was stable compared to the same period of the previous year (159 million euros).

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Milan, 6 November 2014 – 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 Interim Report on Operations at 30 September 2014.

The first nine months of the year were marked by the continual worsening of the economic indicators, specifically in the electricity sector. Compared to the corresponding period of 2013, the market prices of electricity fell by approximately 12 euros/MWh (-20%) while domestic demand dropped by 3%.

Despite this difficult market context, the company achieved a further reduction of the Net Debt of 408 million euros.

The favourable hydraulicity recorded in Italy in the first nine months of the year, the continuous effort towards operational efficiency as well as the good performance achieved on the environmental certificates markets and careful management of the gas purchasing sources, helped to contain the decrease of the industrial margin to the same levels already recorded in the first half of the year.

The Gross Operating Income equalled 783 million euros (839 million euros in the first nine months of 2013). The reduction of 56 million euros was heavily influenced by the effects connected to the high temperatures recorded specifically, in the first quarter of the year, those relative to the lower hydraulicity recorded in Montenegro and the expiry (from October 2013) of the CIP 6 incentive on the production of electricity by the waste-to-energy plant in Brescia.

The net operating income of the period amounted to 419 million euros (+2.9%), while the net profit amounted to 159 million euros, in line with the first nine months of the previous year.

During the period, the generation of net cash flow was positive and amounted to 408 million euros, after investments of 205 million euros and the payment of dividends for 102 million euros. The Net Financial Position at the end of September 2014 thus amounted to 3,466 million euros (3,874 million euros at 31 December 2013).

Main consolidated results of the A2A Group at 30 September 2014

in millions of euros	**30 September 2014**	**30 September 2013**	**Δ %**
Revenues	3,632	4,080	-11.0%
Gross Operating Income - EBITDA	783	839	-6.7%
Net Operating Income - EBIT	419	407	+2.9%
Group Net Profit	159	159	-
in millions of euros	**30 September 2014**	**Year 2013**	**Δ**
Consolidated net financial debt	**3,466**	**3,874**	-408

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Business outlook for operations

Although there are weak signs of recovery in the wholesale markets, for the fourth quarter of 2014, the electricity prices and the domestic demand, are however expected at a lower level compared to the same period of the previous year. The Group will continue its effort to offset, through operational efficiency and asset optimization, the foreseeable negative performance of the market. Moreover, the path of financial position strengthening will carry on.

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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] 35.3 TWh (billion kilowatt hours), up by 12% compared to the first nine months of 2013.
Sales concerned the domestic market for 25.4 TWh and foreign markets for 9.9 TWh.

The Group's plants contributed, for 9.6 TWh,[2] to fulfil the demand.
Specifically, in the period in question, thermoelectric production equalled 3.8 TWh (-30%) while hydroelectric production reached 4.8 TWh (+30%).
The production of electricity from co-generation, waste-to-energy and biogas plants amounted to 1.0 TWh.

The EPCG Group produced a total of 2.1 TWh (-26%), of which 1.0 TWh was from thermoelectric sources (+7%) and 1.1 TWh from hydroelectric sources (-41%). The reduced production can therefore be mainly attributed to the hydroelectric source which, in the first nine months of 2013, achieved results above the historical average due to the exceptional rainfall.
This dynamic, together with a domestic demand essentially in line (+1.1%), led to an increase in the quantity of electricity imported (+0.6 TWh) and a reduction in the quantity of electricity exported (-0.1 TWh).
The electricity distributed on the medium and low voltage network in Montenegro amounted to 1.8 TWh (-5%).

In the period in question, gas sales amounted to 2,068 million cubic metres, up by 420 million cubic metres mainly due to greater trading activities on the wholesale markets.

Sales of heat on the other hand, equal to 1.2 thermal TWh, recorded a decrease of 20% compared to the first nine 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 1.3 thermal TWh (-19%).

The quantity of waste disposed of equalled 1.9 million tonnes (+1%).

The electricity distributed amounted to 8.1 TWh, down by 3% compared to the same period of the previous year. The quantities of gas distributed amounted to 1,139 Mcm (-17%), while the water distributed amounted to 45 Mcm (48 Mcm in the first nine months of 2013).

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[1] Net of the energy sold and simultaneously reacquired by the Power Exchange.
[2] The production includes the integral 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.

Economic results

Revenues of the A2A Group, amounting to 3,632 million euros, were down by 448 million euros compared to the first nine months of 2013 mainly due to the effect of the reduction in electricity sales for heating resulting from the high temperatures recorded in the period, as well as the drop in electricity sales.

The **Gross Operating Income** equalled 783 million euros, a decrease of 56 million euros compared to the first nine months of 2013. The following table shows the composition by business area:

Millions of euros	**09.30.2014**	**09.30.2013**
Energy business	377	399
Environment Business	165	217
Heat and Services Business	34	48
Networks Business	221	193
Other Services and Corporate	-14	-18
Total	**783**	**839**

The Gross Operating Income of the *Energy Business* equalled 377 million euros, a decrease of 22 million euros compared to the same period of the previous year.
This reduction can essentially be attributed to the results of the subsidiary company EPCG which, although positive and amounting to 28 million euros, in this sector show a reduction of 26 million euros compared to the first nine months of 2013, which benefited from a higher hydroelectric production.
Net of this effect, the Gross Operating Income of the Energy Business is essentially in line (+4 million euros) with the first nine months of the previous year: the greater margins achieved on the environmental certificates markets and the positive performance of the trading activity, together with the strong hydraulicity recorded in the first nine months of 2014 and careful management of the gas purchasing sources, partially offset the economic effects deriving from the drop in electricity prices on the wholesale markets.

The Gross Operating Income of the *Environment Business* equalled 165 million euros, a reduction of 52 million euros compared to the first nine months of 2013.
This performance can mainly be attributed, for 27 million euros, to the presence in the first nine months of 2013 of a positive element of income pertaining to the year 2012 relative to the sale price of electricity produced under the CIP 6 scheme and, for 24 million euros, to lower revenues due to the expiry of the CIP 6 agreement of the waste-to-energy plant in Brescia. Net of these components, the Gross Operating Income of the Business is in line with the same period of the previous year.

The Gross Operating Income of the *Heat and Services Business* equalled 34 million euros, a decrease of 14 million euros compared to the first nine months of 2013.
The reduction of the margin, relative to both the District Heating Sector and the Heat Management Sector, can essentially be attributed to the unusual climatic conditions recorded above all in the first quarter of 2014. The first months of 2013, on the contrary, recorded temperatures lower than the historical averages. This negative effect was only partially offset by the effective action of commercial development and by greater margins achieved from the sale of white certificates awarded for the management of the district heating service in the cities of Milan, Brescia and Bergamo.

The margin of the *Networks Business* amounted to 221 million euros, up by 28 million euros compared to the same period of the previous year. The result of the first nine months of 2013, however, included the allocation of mobility charges relating to the corporate restructuring plan for around 10 million euros. Net of this effect, the Gross Operating Income of the Business is up by 18 million euros compared to the same period of the previous year.
This increase can essentially be attributed to the electricity distribution sector: the application of Resolution 258/14/R/eel of AEEGSI published in June resulted in higher revenues allowed for the company A2A Reti Elettriche relative to the years 2012, 2013 and 2014. The contribution of the electricity distribution sector of the EPCG Group was positive due to the effect of the increase in the distribution tariffs.

The “**Result from non-recurring transactions**” is positive by 11 million euros at 30 September 2014 and mainly incorporates, for 12 million euros, the execution of the exchange agreement between A2A S.p.A. and Dolomiti Energia S.p.A. which provided for the sale to A2A S.p.A. of Edipower shares owned by Dolomiti Energia in exchange for the sale of Dolomiti Energia shares held by A2A S.p.A. plus the balance in cash or assets for a total of 16 million euros. This income mainly derives from the difference between the value attributed to the shareholding in Dolomiti Energia S.p.A. within the scope of the exchange and the book value of the same in the consolidated financial statements of the A2A Group.
In the corresponding period of the previous year this item was positive for 17 million euros and included, for 23 million euros, the result of the disposal of five small flowing water hydroelectric plants for an installed power of approximately 8 MW and, for 6 million euros, the negative effect of non-recurring charges incurred by the subsidiary company EPCG.

The "**Amortisation and depreciation, provisions and write-downs**" equalled 364 million euros (432 million euros at 30 September 2013). The decrease of 68 million euros is essentially attributable to lower amortisation and depreciation, to lower risk provisions related to surpluses recorded during the period in question following the resolution of some disputes with local Authorities and lower provisions for bad and doubtful debt as there was no longer any risk of not collecting certain receivables from customers for which provisions were made in previous years.

Due to the effect of the dynamics explained above, the "**Net Operating Income (EBIT)**" equalled 419 million euros (407 million euros at 30 September 2013).

"**Net financial charges"** equalled 139 million euros (142 million euros at 30 September 2013). The reduction compared to the corresponding period of the previous year, equal to 3 million euros, can be attributed to lower net payable financial charges on the debt for 33 million euros adjusted by the negative performance of the variation in the fair values of the financial derivative contracts for 30 million euros.

"**Affiliates**" were positive for 7 million euros (8 million euros at 30 September 2013), and can mainly be attributed to the valuation, according to the equity method, of the shareholdings in associated companies.

"**Income taxes"** in the period in question equalled 127 million euros (118 million euros at 30 September 2013). With reference to the reduction of the IRAP percentage the Group recalculated the value of the deferred tax assets and liabilities which resulted in an increase to the taxes for the period in question of 4 million euros.

The **"Group result for the period"**, after the "Minorities" were deducted, came to 159 million euros (unchanged compared to 30 September 2013).

Financial position and assets

The consolidated "**Net Employed capital**" at 30 September 2014 amounts to 6,874 million euros and is covered by the Net Equity for 3,408 million euros and the net financial debt for 3,466 million euros.

The "**Net Working capital**" amounts to 486 million euros, reduced by 255 million euros compared to 31 December 2013 mainly as a result of the reduction of the trade receivables.

The "**Net fixed assets**" amounted to 6,388 million euros, down by 93 million euros compared to 31 December 2013.

The "**Net financial position**", equal to 3,466 million euros, improved by 408 million euros compared to 31 December 2013 following the positive generation of cash flow attributable to the operations, partially offset by the resources absorbed by the investments in tangible and intangible assets for 205 million euros and by dividends paid for 102 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 A2A Group's accounting tables, extracted from the Interim Report on Operations at 30 September 2014.

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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)	09/30/2014	12/31/2013	09/30/2013
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	5,787	5,930	6,169
Intangible assets	1,310	1,306	1,383
Shareholdings carried according to equity method	126	187	218
Other non-current financial assets	49	53	53
Deferred tax assets	331	372	261
Other non-current assets	63	53	81
TOTAL NON-CURRENT ASSETS	**7,666**	**7,901**	**8,165**
CURRENT ASSETS			
Inventories	350	284	307
Trade receivables	1,407	1,889	1,714
Other current assets	275	383	489
Current financial assets	137	107	66
Current tax assets	47	70	46
Cash and cash equivalents	509	376	650
TOTAL CURRENT ASSETS	**2,725**	**3,109**	**3,272**
NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**	**346**
TOTAL ASSETS	**10,391**	**11,010**	**11,783**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,629	1,629	1,629
(Treasury shares)	(61)	(61)	(61)
Reserves	1,086	1,161	1,195
Result of the year	-	62	-
Result of the period	159	-	159
Equity pertaining to the Group	**2,813**	**2,791**	**2,922**
Minority interests	595	557	856
Total equity	**3,408**	**3,348**	**3,778**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	4,016	3,982	3,913
Employee benefits	355	339	319
Provisions for risks, charges and liabilities for landfills	518	605	602
Other non-current liabilities	372	436	407
Total non-current liabilities	**5,261**	**5,362**	**5,241**
CURRENT LIABILITIES			
Trade payables	1,080	1,306	1,105
Other current liabilities	502	566	624
Current financial liabilities	129	415	934
Tax liabilities	11	13	46
Total current liabilities	**1,722**	**2,300**	**2,709**
Total liabilities	**6,983**	**7,662**	**7,950**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**	**55**
TOTAL EQUITY AND LIABILITIES	**10,391**	**11,010**	**11,783**

CONSOLIDATED INCOME STATEMENT (millions of euro)	**01.01.2014 09.30.2014**	**01.01.2013 09.30.2013 (*)**	**3rd Quarter 2014**	**3rd Quarter 2013 (*)**
Revenues				
Revenues from the sale of goods and services	3,464	3,922	989	1,183
Other operating income	168	158	61	52
Total Revenues	**3,632**	**4,080**	**1,050**	**1,235**
Operating expenses				
Expenses for raw materials and services	2,183	2,579	589	804
Other operating expenses	189	165	82	53
Total Operating expenses	**2,372**	**2,744**	**671**	**857**
Labour costs	**477**	**497**	**147**	**149**
Gross operating income - EBITDA	**783**	**839**	**232**	**229**
Depreciation, amortization, provisions and write-downs	**364**	**432**	**115**	**152**
Net operating income - EBIT	**419**	**407**	**117**	**77**
Result from non-recurring transactions	**11**	**17**	**11**	**20**
Financial balance				
Net financial charges	(139)	(142)	(38)	(54)
Affiliates	7	8	2	1
Result from disposal of other shareholdings	-	-	-	-
Total financial balance	**(132)**	**(134)**	**(36)**	**(53)**
Result before taxes	**298**	**290**	**92**	**44**
Income taxes	**127**	**118**	**26**	**24**
Result after taxes from operating activities	**171**	**172**	**66**	**20**
Net result from discontinued operations	-	-	-	-
Net result	**171**	**172**	**66**	**20**
Minorities	**(12)**	**(13)**	**(4)**	**6**
Group result of the period	**159**	**159**	**62**	**26**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	**09.30.2014**	**09.30.2013**	**3rd Quarter** 2014	**3rd Quarter 2013**
Net result of the period (A)	**171**	**172**	**66**	**20**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	(21)	4	-	-
Tax effect of other actuarial gains/(losses)	6	(1)	-	-
Total actuarial gains/(losses) net of the tax effect (B)	**(15)**	**3**	-	**-**
Effective part of gains/(losses) on cash flow hedge	(11)	(10)	28	6
Tax effect of other gains/(losses)	4	4	(10)	(2)
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	**(7)**	**(6)**	**18**	**4**
Other gains/(losses) of companies valued at equity net of the tax effect (D)	-	-	-	-
Total comprehensive result (A)+(B)+(C)+(D)	**149**	**169**	**84**	**24**
Total comprehensive result attributable to:				
Shareholders of the parent company	**137**	**156**	**80**	**31**
Minority interests	**12**	**13**	**4**	**(7)**

CONSOLIDATED CASH-FLOW STATEMENT (millions of euro)	09.30.2014	12.31.2013	09.30.2013
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	**376**	**553**	**553**
Operating activities			
Net Result (**)	**159**	**(9)**	**148**
Tangible assets depreciation	301	420	314
Intangible assets amortization	45	66	48
Fixed assets write-downs/disposals	5	260	10
Result from affiliates	(7)	23	(8)
Net taxes paid (a)	(57)	(122)	(29)
Gross change in assets and liabilities (b)	278	141	76
Total change of assets and liabilities (a+b) (*)	221	19	47
Cash flow from operating activities	**724**	**779**	**559**
Investment activities			
Investments in tangible assets	(160)	(227)	(150)
Investments in intangible assets and goodwill	(45)	(57)	(44)
Investments in shareholdings and securities (*)	-	(3)	(3)
Disposal of fixed assets and shareholdings	-	53	42
Dividends received	4	3	3
Cash flow from investment activities	**(201)**	**(231)**	**(152)**
FREE CASH FLOW	**523**	**548**	**407**
Financing activities			
Change in financial assets (*)	(47)	(96)	(59)
Change in financial liabilities (*)	(189)	(369)	(80)
Net financial interests paid	(48)	(173)	(84)
Dividends paid by the parent company	(102)	(81)	(81)
Dividends paid by the subsidiaries	(4)	(6)	(6)
Cash flow from financing activities	**(390)**	**(725)**	**(310)**
CHANGE IN CASH AND CASH EQUIVALENTS	**133**	**(177)**	**97**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	**509**	**376**	**650**

(*) 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 in the first nine months of 2013								
2012 result allocation				260	(260)			
Distribution of dividends				(81)		(81)	**(6)**	(87)
IAS 19 Revised reserves (*)				3		3		3
IAS 32 and 39 reserves (*)			(6)			(6)		(6)
Put option on Edipower S.p.A. shares				(2)		(2)		(2)
Other changes				3		3	**(2)**	1
Group and minorities result of the period					159	159	**13**	172
Net equity at September 30, 2013	**1,629**	**(61)**	**(22)**	**1,217**	**159**	**2,922**	**856**	**3,778**
Changes in the fourth quarter of 2013								
IAS 19 Revised reserves (*)				(18)		(18)		(18)
IAS 32 and 39 reserves (*)			1			1		1
Put option on Edipower S.p.A. shares				(22)		(22)		(22)
Effects from non-proportional partial Edipower S.p.A. demerger							**(297)**	(297)
Other changes				5		5	**(2)**	3
Group and minorities result of the period					(97)	(97)		(97)
Net equity at December 31, 2013	**1,629**	**(61)**	**(21)**	**1,182**	**62**	**2,791**	**557**	**3,348**
Changes in the first nine months of 2014								
2013 result allocation				62	(62)			
Distribution of dividends				(102)		(102)	**(4)**	(106)
IAS 19 Revised reserves (*)				(15)		(15)		(15)
IAS 32 and 39 reserves (*)			(7)			(7)		(7)
Other changes				(13)		(13)	**30**	17
Group and minorities result of the period					159	159	**12**	171
Net equity at September 30, 2014	**1,629**	**(61)**	**(28)**	**1,114**	**159**	**2,813**	**595**	**3,408**

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