PRESS RELEASE – November 12, 2020

A2A S.p.A. Board of Directors has examined and approved the quarterly Financial Information as at September 30, 2020

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Capex at 413 million euro, up 5% on the record levels of 2019 (394 million euro)

EBITDA at 822 million euro, a decrease of 64 million euro on the first nine months of 2019 (-7%)

Net of non-recurring items, Ordinary EBITDA was 818 million euro, down 42 million euro (-5%)

The effects of COVID-19 mainly affected the Generation and Trading BU (-44 million euro) in connection with the energy scenario

Group net profit amounted to 219 million euro (250 million euro at September 30, 2019)

NFP at 3,381 million euro.
Excluding change in perimeter, the NFP amounted to 3,249 million euro (3,154 million euro at December 31, 2019)

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Milan, November 12, 2020 – At today's meeting of the Board of Directors of A2A S.p.A., chaired by Marco Patuano, the Board examined and approved the quarterly Financial Information as at September 30, 2020.

The A2A Group closed the first nine months of the year with appreciable results, despite operating in a highly complicated context, characterised by the continuation of the health and economic emergency following the COVID-19 pandemic.

"In evaluating the results of these first nine months" – Chief Executive Officer Renato Mazzoncini comments – "we are particularly satisfied with operational results: despite the emergency and the difficulties caused by the pandemic, we have been able to ensure continuity and quality of our services, guaranteeing the protection of our employees' health and laying the foundations for future development through capex higher than those realised in the first 9 months of 2019.

The economic and financial results achieved in an unprecedented context confirm the solidity of the Group and its resiliency. The decline is mainly due to the Generation and Trading BU, significantly affected by an extremely weak energy scenario, whose impact has been mitigated not only by the multiple sources of production but also by a wise hedging activity carried out during the previous months. In spite of a declining gas and energy prices scenario" – Mr Mazzoncini continues – "the Group draws its strength from the differentiation of its businesses and the close tie with the territories, which allow us to look to the coming months without undue concern".

The emergency situation has had major impacts on the world economic and financial situation, albeit with a different degree of intensity over the months.

The epidemiological curve and related containment measures have, in fact, in the period in question, had a direct impact on the economic scenario: a major decline in spring when the suspension of economic activities was set, followed by a slight recovery in the summer months. More specifically, in the third quarter, the Italian economy recorded a strong recovery in the manufacturing segment and shy signs of improvements in exports, which fostered an improvement in certain consumer and price indicators, with partial recovery and in any case lower than last year.

As regards energy consumption in particular, the net demand for electricity in Italy during the first nine months of 2020 was 225,154 GWh, showing a decline of 6.9% on the volumes recorded for the same period of 2019 (81,640 GWh in the third quarter of 2020, -3.1% on the same period of 2019); during the first nine months of this year, moreover, the gas demand dropped by 8% on the same period of 2019, coming in at 49,567 Mcm (13,722 Mcm in the third quarter of 2020, in line with the same period of last year).

During the first nine months of 2020, the decrease already in progress of energy commodity prices was accentuated by the health emergency: the PUN (single nationwide price) recorded extremely low values, with all-time lows for both May, with a list price of 21.79 euro/MWh and June with 28.01 euro/MWh, before then starting to rise, in September reaching a value of 48.80 euro/MWh. During the nine months, the Base Load PUN declined by 33.8%, coming in at 35.6 euro/MWh as compared with 53.8 euro/MWh in 2019; declining average list prices were also recorded for the price in peak hours (-32.2% for the Peak Load PUN, which came in at 39.9 euro/MWh). The average gas price to the PSV in the period in question amounted to 9 euro/MWh, down by 45.6% compared to the same period the previous year.

In this context characterised by highly critical consumption and price dynamics, despite the signs of recovery seen in the third quarter, the A2A Group has managed to achieve satisfactory economic-financial results, limiting the reduction in margins and guaranteeing a level of capex even higher than the previous year, which had already booked record values for the company, with high quality of services supplied and safety for its employees.

The following are the main indicators:

millions of euro	9 months of 2020	9 months of 2019	Δ	Δ%
Revenues	**4,805**	**5,380**	-575	-10.7%
Gross operating margin - EBITDA	**822**	**886**	-64	-7.2%
Net Operating Income - EBIT	**400**	**452**	-52	-11.5%
Group net profit	**219**	**250**	-31	-12.4%

In the first nine months of 2020, the **Group Revenues** amounted to 4,805 million euro, down 10.7% on the first nine months of last year.
The reduction mainly regarded the wholesale energy market following both the lesser prices of electricity and gas and the reduction in volumes sold on the industrial gas portfolio, as well as the retail gas and district heating markets for the lesser unit prices and lesser quantities sold, also due to the worse climate conditions. A negative contribution also came from the revenues relative to tariff contributions recognised to distributors for the cancellation of the obligation of energy efficiency certificates (EECs), due to the postponement of the related deadline from May to November.

EBITDA equalled 822 million euro, a decrease of 64 million euro compared to the first nine months of 2019 (-7.2%).
Net of non-recurring items (+4 million euro in the first nine months of 2020; +26 million euro in the same period of 2019), ordinary EBITDA decreased by 42 million euro (-5%).
The reduction in the ordinary result was mainly determined by the decrease in margins recorded in the Generation and Trading Business Unit, penalised, as just mentioned, by a very weak energy scenario.

EBIT, amounting to 400 million euro, was down by 52 million euro compared to the first nine months of 2019 (452 million euro). The change was due to:

- decrease in EBITDA, as described above (-64 million euro);
- increase in amortisation/depreciation mainly in relation to capex made in the period October 2019 - September 2020 and the write-back of the A2A Gencogas plants following impairment testing at December 31, 2019 (-33 million euro);
- write-off for 43 million euro booked during the third quarter of 2019 in relation to the Grottaglie landfill as a consequence of the reduced future capacity to generate income on the basis of the judgement given by the Council of State on August 28, 2019 (+43 million euro);
- net provisions deriving from lesser provisions made for risks during the year and greater releases of surplus provisions for risks and receivables made the previous year (+2 million euro).

Group Net Profit in the first nine months of 2020 amounted to 219 million euro, down 12.4% on the same period of 2019. This change is due both to the reduction in EBIT, for the reasons specified above, and to the increase in the portion of profits attributable to minorities, mitigated by the reduction in net financial expense and tax.

Net Financial Position at September 30, 2020 amounted to 3,381 million euro (3,154 million euro as at end 2019). Excluding changes in scope that took place during the first nine months of 2020, NFP came to 3,249 million euro, recording cash absorption of 95 million euro on December 31, 2019.

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A2A Group – Results by Business Unit

The following table shows the composition of the Ebitda by Business Unit:

Millions of euro	**09.30.2020**	**09.30.2019**	**Change**	**Change %**
Generation and Trading	174	218	-44	-20.2%
Market	155	169	-14	-8.3%
Waste	211	199	12	6.0%
Networks & District Heating	304	319	-15	-4.7%
International	-1	-2	1	n.s.
Corporate	-21	-17	-4	23.5%
Total	**822**	**886**	**(64)**	**-7.2%**

Generation and Trading Business Unit

In the first nine months of 2020, 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 12.5 TWh (13.3 TWh at September 30, 2019).
Thermoelectric production came to 9.2 TWh (9.9 TWh during the same period of the previous year): the negative change is due to the prolonged downtime of the Monfalcone plant, penalised by an insufficiently remunerative pricing scenario, and lesser production by combined cycle plants as a result of the reduction in contestable demand.
The hydroelectric production, equal to 3.2TWh, was slightly down compared with the same period of last year (-1.4%). July and August 2019 had benefited from significant increases in production thanks to the contributions made by the basins of Calabria and the plants in the northern zone.
Finally, photovoltaic production is up by 7%, coming in at approximately 109 GWh.

The revenues amounted to 2,670 million euro, down by 580 million euro compared to the same period of the previous year. The change was brought about by the major decline in prices of both electricity and gas and the lesser volumes sold of the industrial gas portfolio, partly offset by the growth of electricity volumes sold.

The EBITDA of the Generation and Trading Business Unit amounted to 174 million euro, a decrease of 44 million euro compared to the same period of the previous year. Before non-recurring items (+9 million euro in 2020 and +4 million euro in 2019), ordinary EBITDA dropped by 49 million euro.

The reduction in margins of the Generation and Trading Business Unit is due to a negative commodity pricing scenario (PUN; GAS; EUA), partially neutralised by the effectiveness of the hedging policies, and to the lesser contestable demand due to the COVID-19 health emergency. The comparison with the previous year, moreover, is very much penalised, particularly during the third quarter, by the results achieved in 2019 on the ancillary services market and in hydroelectric production.

In the period the Capex of the Generation and Trading Business Unit amounted to around 27 million euro (43 million euro in the first nine months of 2019).

Market Business Unit

In the first nine months of 2020, the Market Business Unit recorded 10.9 TWh of electricity sales, up 8% compared to the same period of the previous year. The increase recorded, despite the slow-down of commercial activities and the reduction of unitary consumption as a consequence of the COVID emergency, is mainly due to the greater quantities sold to large customers on the free market.
Gas sales were 1,480 Mcm (-11.3% on the first 9 months of 2019). The decline in sales is due to both unfavourable climate as compared with the previous year and the slowing of all economic activities as a consequence of the measures adopted to limit the spread of COVID-19.

Revenues came to 1,813 million euro (1,986 million euro at September 30, 2019), down 8.7% following the decline in the unitary prices of gas and electricity recorded during the first nine months of 2020 and the lesser quantities of gas sold, as well as lesser revenues linked to the sale/management of energy efficiency certificates (EECs).

Market Business Unit EBITDA equalled 155 million euro (169 million euro in the first nine months of 2019).
Net of non-recurring items (1 million euro in 2020 and +11 million euro in 2019), ordinary EBITDA of the Business Unit came to 154 million euro, down 4 million euro on the same period of the previous year.
The excellent performance seen in the energy retail segment (+8 million euro; +6%) offset the lesser margins of the public lighting segment (-3 million euro) and the energy solutions segment (-9 million euro). It is noted that part of the negative changes relative to these two segments (approximately 8 million euro) is to be reabsorbed during the fourth quarter as relative to events with a different timing in 2020 than in 2019.
Growth of the energy retail segment is due to the increased number of customers on the free electricity and gas market (91 thousand more than at end 2019), the greater volumes sold to large electricity customers and the increased unitary margin, including regulated components.
The reduction of operating costs also made a positive contribution (indirect channel commissions, marketing expenses and external communication in support of the acquisition of new customers, which slowed following the spread of COVID-19).
These positive effects more than offset the impact deriving from the reduction in gas sales due to both unfavourable climate as compared with the previous year and the slowing of all economic and commercial activities as a consequence of the measures adopted to limit the spread of COVID-19.
The energy solutions segment has recorded a reduction in margins due to the lesser margins due to lesser income from the sale and management of white certificates of the companies operating in the segment, linked partly to the different timing (postponement from May to November) of procurement by distributors obliged to cancel the energy efficiency certificates (EECs).
The lesser margins of the public lighting segment have been determined by the different timing of the issue of white certificates with respect to last year (issue envisaged for the fourth quarter of 2020 with respect to that carried out in the first half of 2019), the postponement of the deadline for distributors to cancel the obligation and an additional tranche of white certificates recognised in 2019.
This reduction has been partly offset by the greater margins for maintenance work and the management of new municipalities.

In the period in question, the Capex of the Business Unit came to around 34 million euro (18 million at September 30, 2019).

Waste Business Unit

In the period considered, the quantity of waste collected and disposed of, respectively totalling 1.2 and 2.4 million tonnes, are both down approx. 4% on the same period of last year, following the nationwide block to production resolved in March to limit the spread of COVID-19.
The quantities of electricity produced by the waste-to-energy plants instead recorded a major increase (+11.5%) thanks to the greater quantities produced by the Acerra waste-to-energy plant, closed in 2019 for extraordinary turbine maintenance.

During the first nine months of 2020, the Waste Business Unit recorded revenues of 802 million euro, up 3.5% on the corresponding period of the previous year (775 million euro at September 30, 2019), mainly due to the contribution of the newly acquired companies (Electrometal and Agritre).

The EBITDA of the Waste Business Unit equalled 211 million euro (199 million euro at September 30, 2019).
Net of non-recurring items (null in 2020; -1 million in 2019), the Business Unit's Ordinary EBITDA came to 211 million euro, up 11 million euro.
Growth of the Waste Business was driven by the urban and industrial plant treatment segments: the increased margins for a total of 12 million was caused by the greater quantity of electricity produced, by the positive conferral price trends (in particular of urban waste), the increased prices of sale of paper and the contribution made by the plants newly-acquired through recent M&As (the Electrometal treatment lines and the biomass-powered generation plant Agritre) and those recently activated (the Muggiano plastic recovery plant).
These positive effects more than offset the reduction in margins linked to the lower sale prices of electricity produced by waste-to-energy plants, the reduction in quantities disposed of in some treatment plants and landfills and the higher costs of disposal, in particular of industrial waste.
In the Collection segment, the lower staff labour costs and the containment of expenses for vehicle consumption and maintenance following the slow-down to economic activities as a result of the measures taken to combat the COVID-19, have offset the lesser revenues and greater costs linked to the purchase of safety devices.

Capex made in the first nine months of 2020 came to 94 million euro, up 22 million on the same period of 2019 (72 million euro at September 30, 2019).

Networks & District Heating Business Unit

Electricity distributed totalled 7.9 TWh, a decrease of 10.9% over the first nine months of 2019. The quantities of gas distributed reached 1,843 Mcm, down 6.7% (1,975 Mcm at September 30, 2019) and the water distributed was 57 Mcm, substantively in line with the quantities of the same period of the previous year.
Business Unit heat sales came to 1.7 TWh, down 4.6% on the first nine months of 2019. The reduction recorded, despite the acquisition of new customers, is due to the averagely milder temperature this year and the slowing of the economic activities following the anti-COVID measures.

The Networks & District Heating Business Unit's revenues amounted to 740 million euro (815 million euro as at September 30, 2019). The change is due to the revenues relating to the tariff contributions recognised to distributors to cancel out the energy savings obligations (EECs), following the postponement from May to November of the deadline envisaged, and to lesser revenues relating to district heating.

Networks & District Heating Business Unit EBITDA amounted to 304 million euro (319 million euro as at September 30, 2019).
Net of non-recurring items (1 million euro in 2020, +11 million euro in the first nine months of 2019), the Business Unit's ordinary EBITDA dropped by 5 million euro (-2% on the same period of the previous year).
The reduction in margins is due to the district heating segment, both for the reduction in volumes following the high temperatures and the block to production activities, as well as the lesser unitary margins for the very penalising energy scenario.
A negative contribution towards the Business Unit's results also came from the reduction in allowed revenues for both gas distribution and electricity distribution and the reduction in volumes of the water sector.

Capex in the period in question equalled 234 million euro (232 million euro at September 30, 2019).

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Balance sheet

The data of the Balance Sheet at September 30, 2020 is homogeneous with respect to the data of December 31, 2019, with the exception of the following changes in perimeter:

- acquisition and line-by-line consolidation by LGH S.p.A. of 100% of the companies Agritre S.r.l. and Tre Stock S.r.l., companies operating in the biomass generation segment;
- line-by-line consolidation of ASM Energia S.p.A., a company operating on the gas and electricity sale market, starting February 1, 2020.

(millions of euro)	09.30.2020	12.31.2019	Change
CAPITAL EMPLOYED			
Net fixed assets	**6,664**	**6,470**	**194**
- Tangible assets	4,934	4,869	65
- Intangible assets	2,503	2,379	124
- Shareholdings and other non-current financial assets (*)	40	45	(5)
- Other non-current assets/liabilities (*)	(119)	(117)	(2)
- Deferred tax assets/liabilities	272	277	(5)
- Provisions for risks, charges and liabilities for landfills	(683)	(676)	(7)
- Employee benefits	(283)	(307)	24
of which with counter-entry to equity	*(91)*	*(114)*	
Net Working Capital and Other current assets/liabilities	**338**	**335**	**3**
Net Working Capital:	***566***	***555***	***11***
- Inventories	155	184	(29)
- Trade receivables	1,660	1,852	(192)
- Trade payables	(1,249)	(1,481)	232
Other current assets/liabilities:	***(228)***	***(220)***	***(8)***
- Other current assets/liabilities (*)	(230)	(277)	47
- Current tax assets/tax liabilities	2	57	(55)
of which with counter-entry to equity	*(11)*	*(21)*	
Assets/liabilities held for sale (*)	**20**	**0**	**20**
of which with counter-entry to equity	*0*	*0*	
TOTAL CAPITAL EMPLOYED	**7,022**	**6,805**	**217**
SOURCES OF FUNDS			
Equity	**3,641**	**3,651**	**(10)**
Total financial position after one year	3,089	3,294	(205)
Total financial position within one year	292	(140)	432
Total Net Financial Position	**3,381**	**3,154**	**227**
of which with counter-entry to equity	*31*	*24*	
TOTAL SOURCES	**7,022**	**6,805**	**217**

(*) Excluding balances included in the Net Financial Position.

Net Fixed Assets

"**Net Fixed Assets**" amounted to 6,664 million euro, up by 194 million euro compared to December 31, 2019, of which 84 million euro refer to contributions deriving from the first consolidations.
The main changes are detailed below:

- Tangible assets increased by 65 million euro due to:
    - capex for 232 million euro due to works on waste treatment and waste-to-energy plants, on thermoelectric and hydroelectric plants and on renewable source energy plants for 105 million euro, to the development and maintenance of electricity distribution plants and the installation of new electronic meters for 63 million euro, the development of district heating networks for 31 million euro, the purchase of waste collection vehicles and other equipment for 11 million euro, investments focussed on developing the energy efficiency plan for 9 million euro, work on the optic fibre and gas transport network for 7 million euro and work on buildings for 6 million euro;
    - first consolidation of the companies acquired during the first nine months of the year, which entailed an increase of 86 million euro;
    - net increase of 49 million euro for other changes due to the increase of 11 million euro in rights of use, the increase of 2 million euro following the acquisition from Italgas Reti S.p.A. of the business branch relative to the district heating service management of the municipality of Cologno Monzese, the increase for 39 million euro in assets for decommissioning funds, following certain new appraisals and the update of existing appraisals and discounting rates used to estimate future costs for dismantling and restoration, as well as other negative changes for 3 million euro, mainly due to reclassifications to other items on the financial statements and disposals;
    - decrease of 302 million euro due to period depreciation.

  Tangible assets include "Financially-leased assets" totalling 23 million euro, recognized in accordance with IAS 16, for which the outstanding payable to lessors at September 30, 2020 amounted to 20 million euro;

- Intangible fixed assets increased by 124 million euro on December 31, 2019, due to:
    - capex for 181 million euro due to the implementation of IT systems for 66 million euro, plant development and maintenance work in the gas distribution area for 63 million euro, works on the water transport and distribution network, sewers and purification plants for 48 million euro, new electric mobility projects, LED and renewable sources for 3 million euro and the development of the district heating networks for 1 million euro;
    - first consolidation of the companies acquired in the first nine months of the year, which has entailed an increase of 11 million euro;
    - net increase of 37 million euro for other changes, due to the increase in environmental certificates of the industrial portfolio;
    - reduction of 4 million euro following period disposals and the sale to Italgas Reti S.p.A. of the business branch relative to the management of the network and natural gas distribution service in the municipalities falling within the territorial area ("Atem") of "Alessandria 4";
    - a decrease of 101 million euro for period depreciation.

- Shareholdings and Other Non-Current Financial Assets amount to 40 million euro, down 5 million euro on December 31, 2019 following the change in the consolidation method used for ASM Energia S.p.A., partly offset by the investments made in innovative start-ups through corporate venture capital projects;
- Other Non-Current Assets and Liabilities rise by a net 2 million euro, mainly due to lesser active caution deposits;
- Deferred tax assets/liabilities totalled a positive 272 million euro, following a reduction of 5 million euro, mainly due to the recognition of deferred IRES (corporate income tax) and IRAP (regional tax on productive activities) as a result of changes in the valuation of cash flow hedge derivatives;
- Provisions for risks, charges and liabilities for landfills rise, net of the effects of the first-time consolidations for 5 million euro, by 2 million euro. The period change is the net result of period utilisations (31 million euro), due to decommissioning and landfill costs (15 million euro), the settlement of legal disputes (3 million euro) and additional uses (13 million euro). There has also been a reduction deriving from net surplus provisions for risks noted during the period for 2 million euro, connected with charges for public water concessions and other increases for 35 million euro, following new appraisals as well as the update of existing appraisals and the discounting rates used to estimate future costs for dismantling and restoration;
- Employee benefits decreased by 24 million euro, due to disbursements during the period and payments to welfare funds and actuarial valuations, net of period allocations.

Net Working Capital and Other Current Assets/Liabilities

"**Net Working Capital**", defined as the sum of trade receivables, closing inventories and trade payables, amounted to 566 million euro. The change was a rise of 11 million euro compared to December 31, 2019. Comments on the main items are given below:

Trade receivables

(millions of euro)	Balance at 12/31/2019	Changes during the period	Balance at 09/30/2020
Trade receivables – invoices issued	756	111	867
Trade receivables – invoices to be issued	1,204	(288)	916
Bad debts provision	(108)	(15)	(123)
Total trade receivables	**1,852**	**(192)**	**1,660**

As at September 30, 2020 "Trade receivables" amounted to 1,660 million euro (1,852 million euro at December 31, 2019), with a decrease of 192 million euro. The contribution deriving from first consolidations was 30 million euro.

The "Bad debts provision" of 123 million euro increased by a net 15 million euro on December 31, 2019, due to net provisions made during the period of 21 million euro, uses for 12 million euro and other changes, relating to the effects of the first consolidations, in the amount of 6 million euro.

Trade receivables ageing is detailed here below:

(millions of euro)	09/30/2020	12/31/2019
Trade receivables of which:		
Current	**610**	**546**
Past due of which:	**257**	**210**
Past due up to 30 days	*44*	*41*
Past due from 31 to 180 days	*69*	*61*
Past due from 181 to 365 days	*44*	*34*
Past due over 365 days	*100*	*74*
Invoices to be issued	**916**	**1,204**
Bad debts provision	**(123)**	**(108)**
Total Trade receivables	**1,660**	**1,852**

Trade payables

(millions of euro)	Balance at 12/31/2019	Changes during the period	Balance at 09/30/2020
Advances	3	0	3
Payables to suppliers	1.478	(232)	1.246
Total trade payables	**1.481**	**(232)**	**1.249**

“Trade payables” amounted to 1,249 million euro, with a decrease of 245 million euro, net of the first-time consolidation effects, of 13 million euro.

Inventories

(millions of euro)	Balance at 12/31/2019	Changes during the period	Balance at 09/30/2020
- Materials	75	8	83
- Material obsolescence provision	(18)	(3)	(21)
- Fuel	112	(26)	86
- Others	4	2	6
Raw and ancillary materials and consumables	**173**	**(19)**	**154**
Third-party fuel	**11**	(10)	**1**
Total inventory	**184**	**(29)**	**155**

“Inventories” amounted to 155 million euro (184 million euro at December 31, 2019), net of the related obsolescence provision for 21 million euro, down 29 million euro compared to December 31, 2019. The reduction is due to the reduction in fuel stocks for 26 million euro, the reduction in carbon stocks held at third party warehouses for 10 million euro, the increase in material stocks, net of the related obsolescence fund, for 5 million and other increases for 2 million euro.

“**Other current assets/liabilities**” evidenced a net increase of 8 million euro, due to:

- net increase in tax payables for 55 million euro;
- net increase in payables due to employees and social security institutions for 2 million euro;
- 1 million euro increase in tax payables for VAT, excise duties and other taxes;
- decrease in advances to suppliers for 12 million euro;
- decrease in derivative liabilities for 27 million euro;
- decrease in payables due to Cassa per i Servizi Energetici e Ambientali (Energy and Environmental Service Fund) for 29 million euro;
- reduction in the amounts payable for tariff components on energy for 8 million euro;
- other increases in current liabilities for 2 million euro.

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

(Millions of euro)	**09.30.2020**	**12.31.2019**	**CHANGE**
Generation and Trading	92	(31)	123
Market	346	503	(157)
Waste	95	46	49
Networks & District Heating	(74)	(97)	23
International	1	1	0
Corporate	(122)	(87)	(35)
TOTAL	**338**	**335**	**3**

Consolidated "**Capital Employed**" at September 30, 2020 amounted to 7,022 million euro and was financed by Equity for 3,641 million euro and the Net Financial Position for 3,381 million euro.

Shareholders' Equity

"**Equity**" amounted to 3,641 million euro and shows a negative change for a total of 10 million euro.

Other decreases included:

- the distribution of dividends totalling 256 million euro, including 15 million euro to minorities;
- reserves deriving from the valuation of cash flow hedge derivatives and IAS 19 reserves, which increase by 17 million euro;
- the period result for 231 million euro (219 million euro pertaining to the Group and 12 million euro to minorities).

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Financial position

Net free cash flow	09.30.2020	09.30.2019
EBITDA	**822**	**886**
Changes in Net Working Capital	(11)	(61)
Changes in Other assets/liabilities	(106)	(80)
Utilization of provisions, net taxes and net financial charges	(146)	(206)
FFO	**559**	**539**
Capex	(413)	(394)
Dividends	(241)	(218)
Net free cash flow	**(95)**	**(73)**
Changes in perimeter	(132)	75
IFRS 16 Adoption	-	(109)
Change in Net Financial Position	**(227)**	**(107)**

The **Net Financial Position** at September 30, 2020 amounted to 3,381 million euro (3,154 million euro as at December 31, 2019).
The gross debt amounted to 3,665 million euro, up by 54 million euro compared to December 31, 2019.
The cash and cash equivalents amounted to 269 million euro, down by 165 million euro.
The other net financial assets/liabilities showed a positive balance of 15 million euro with a net decrease of 8 million euro.

The fixed rate and hedged portion of the gross debt amounts to 78%. The duration is 5.0 years.

In the period net cash flows generation was negative for 95 million euro, in addition to the effects deriving from the change in scope for 132 million euro.

Regarding net cash flow generation:

- Net Working Capital, calculated as the sum of Trade receivables, Trade payables and Inventories, generated a worsening of approximately 11 million euro in the Net Financial Position, due to the 192 million euro decrease in trade receivables, the 232 million euro decrease in trade payables and the 29 million euro decrease in materials, gas and other fuel inventories. The above changes are mainly due to the seasonal effect.

  The Group occasionally performs non-recourse credit assignments.

At 30 September 2020 receivables that have not yet expired, assigned by the Group outright and written-off from the assets in compliance with the requirements of IFRS 9, were nil (also nil at 31 December 2019). The Group has no rotating factoring programs.

- Payment of net financial charges and provisions entailed cash outlay of 146 million euro, while capex of the period, as detailed below, absorbed 413 million euro and the payment of dividends for 241 million euro.

- The change in the consolidation scope worsened the Net Financial Position by 132 million euro.

"**Net capex**", amounting to 413 million euro, concerned the following Business Units:

Millions of euro	**09.30.2020**	**09.30.2019**	**Change**
Generation and Trading	27	43	-16
Market	34	18	16
Waste	94	72	22
Networks & District Heating	234	232	2
Corporate	28	29	-1
Adjustments	-4	0	-4
Total	**413**	**394**	**19**

Generation and Trading Business Unit

In the reporting period, capex came to approximately 27 million and regarded extraordinary maintenance work on the Group's thermoelectric plants for 8 million euro and hydroelectric plants for 5 million euro, as well as development works for a total of 12 million in relation to the Brindisi plant (installation of synchronous compensators), the photovoltaic plants (start-up of new plant development) and ICT projects. Finally, in the period in question, activities were carried out for adjustments to standards for approximately 2 million euro.

Market Business Unit

The Market Business Unit made capex of around 34 million euro in the first nine months of 2020. These capex regarded, for 21 million euro, evolutive maintenance and development works on the hardware and software platforms in support of marketing and billing, for 6 million euro for works relating to the public lighting sector for the launch of new projects and for 7 million euro for energy efficiency and e-moving projects.

Waste Business Unit

Waste Business Unit capex for the first nine months of 2020 totalled 94 million euro and mainly related to maintenance and development work on waste-to-energy plants (66 million euro), treatment plants and landfills (18 million euro) and the purchase of vehicles, containers, operating systems and the restructuring of corporate buildings in the collection segment (10 million euro).

Networks & District Heating Business Unit

Capex made by the Networks & District Heating Business Unit in the period in question amounted to 234 million euro and concerned:

- in the electricity distribution segment, 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, the maintenance and upgrading of primary plants and capex in the launch of the 2G smart meter project (84 million euro);
- in the gas distribution segment, 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 (67 million euro);
- integrated water cycle segment: maintenance and development work carried out on the water transportation and distribution network and the sewage networks and purification plants (49 million euro);
- in the district heating and heat management segment, development and maintenance of plants and networks for a total of 30 million euro;
- in the company Smart City, development and maintenance work on TLC projects (4 million euro).

Corporate

Capex in the period, amounting to 28 million euro, mainly referred to work on buildings and IT systems.

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COVID-19 virus health emergency and the effects of the pandemic on the Group's results

The spread of the COVID-19 virus in the first nine months of 2020 caused a net negative impact on the Group's economic performance of approximately 7 million euro on the first nine months of 2019: the gross effects have, in fact, been almost entirely offset by extraordinary recovery actions.

The gross impact, before the mitigation actions, was generated by various items that can be traced to the following aspects:

- a slow-down to commercial activities, the collection and disposal activities and lesser consumption of electricity, gas, heat and water;
- the direct incurring of certain costs to cope with the health emergency situation (generalised purchases of PPE, mass supplies for collective smart working, etc.);
- the major downturn to the reference energy scenario, in particular in May and June.

These gross impacts, however, as mentioned above, were almost entirely offset by actions taken to limit the costs by the Group's Management team.

More specifically, actions were taken to limit payroll costs, using social shock absorbers (national temporary lay-off funds), replanning new hires envisaged and using up remaining vacation days, all with the agreement of the workers' trade union representatives. Additionally, a plan has been adopted to limit the other operating expenses, in any case assuring adequate standards of safety and continuity of service.

The spread of the COVID-19 health emergency also had a negative impact on Group cash flow.
In addition to the effects on EBITDA, net working capital has been negatively impacted, albeit only temporarily, on the Group's cash flow through difficulty in payment experienced by retail customers, for approximately 35 million euro.
To cope with the liquidity risk deriving from the health crisis, including the temporary need for net working capital, the Group has strengthened its liquidity position by stipulating loans and committed credit facilities during the first half, for a total of 550 million euro.
At September 30, 2020, the Group has a comprehensive liquidity position of 1,409 million euro, comprising 269 million euro in liquid funds and 1,140 million euro in unused loans and committed credit facilities.
This position was further strengthened in October through the placement of a bond of 500 million euro with a maturity of 12 years, placed at an extremely advantageous rate.

Outlook

The forecasts for fiscal year 2020 depend on the underlying hypotheses of the magnitude, manner and speed at which the pandemic evolves, not only in our country but also, due to the effects on the energy scenario, worldwide.

For the fourth quarter, the Group has hypothesised dynamics consistent with the usual seasonal nature of the business and the absence of any second, geographically extensive, prolonged lock-down.

The nature of the sectors in which A2A operates has proven to be fairly resilient to the negative effects of the pandemic. Despite this, any worsening of the COVID-19 crisis, even in the last quarter of the year, could mainly impact the energy scenario, with consequences above all on the Generation and Trading BU. These impacts will be once again partly mitigated by hedges already in place today on productions.

At present, on the basis of the information available, the Group is expecting to see results for the year 2020 in line with those indicated during the presentation of results at June 30, 2020, namely:

- EBITDA of approximately 1,140 million euro (including approximately 20 million euro in positive items of non-recurring items)
- Capex ranging between 670-710 million euro, up on 2019
- Net cash flow of approximately -300 million euro, excluding the effect relative to M&As

At present, given the uncertainty surrounding the health emergency progression and the evolution of the measures to support the economy implemented by the Authorities, it is extremely difficult to prepare forecasts over a period of time beyond a few months.

The Group has re-activated, with greater efficiency and effectiveness, some of the measures already taken during the first phase of COVID-19 (extensive smart working, extraordinary sanitisations, mandatory questionnaires to be filled in before returning to the offices in order to monitor exposure to the virus, etc.) to guarantee continuity of its business in complete safety.

The evolution of the situation and the correlated impact on expected economic-financial performance is monitored continuously and, where necessary, as already done in 2020, the Group is ready to introduce actions to mitigate any negative effects.

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Alternative Performance Measures (APM)

Certain alternative performance measures (APM) not envisaged by the International Financial Reporting Standards endorsed by the European Union (IFRS-EU) are presented in the press release to give a better view of the A2A Group's performance. In accordance with the recommendations in the ESMA Guidelines published in October 2015, the measures are described below, with an explanation of their content and calculation base:

- **Gross operating margin (EBITDA)** is an alternative measure of operating performance, calculated as the sum of the "Net operating income" and "Amortization, depreciation and write-downs";
- **EBITDA net of non-recurring items** is an alternative performance measure calculated as the gross operating margin described above by excluding non-recurring transactions or operations (e.g. adjustments relating to previous years, extraordinary redundancy plans, etc.);
- the **"Ordinary" Net Result (Ordinary Net Profit)** 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 items) and the write-down of assets, goodwill and equity investments, as well as impairment reversals (net of the relative tax effects);
- **Net financial position** is an indicator of 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);
- **Capex** is an alternative performance measure used by the A2A Group as a financial target within the scope of internal Group presentations (business plans) and external documents (presentations to financial analysts and investors). It is a useful measure of the resources employed to maintain and develop the A2A Group's capex.

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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 financial 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 corporate accounting documents, Andrea Crenna, states – in accordance with article 154-bis, sub-section 2 of the Financial Act (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 financial schedules of the A2A Group, as at 30 September 2020, are attached

For further information:

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CONSOLIDATED BALANCE SHEET (millions of euro)	09.30.2020	12.31.2019
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	4,934	4,869
Intangible assets	2,503	2,379
Shareholdings carried according to equity method	25	38
Other non-current financial assets	35	27
Deferred tax assets	272	277
Other non-current assets	21	25
TOTAL NON-CURRENT ASSETS	**7,790**	**7,615**
CURRENT ASSETS		
Inventories	155	184
Trade receivables	1,660	1,852
Other current assets	567	567
Current financial assets	11	10
Current tax assets	69	63
Cash and cash equivalents	269	434
TOTAL CURRENT ASSETS	**2,731**	**3,110**
NON-CURRENT ASSETS HELD FOR SALE	**20**	**-**
TOTAL ASSETS	**10,541**	**10,725**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,629	1,629
(Treasury shares)	(54)	(54)
Reserves	1,481	1,325
Result of the year	-	389
Result of the period	219	-
Equity pertaining to the Group	**3,275**	**3,289**
Minority interests	366	362
Total equity	**3,641**	**3,651**
LIABILITIES		
NON-CURRENT LIABILITIES		
Non-current financial liabilities	3,093	3,307
Employee benefits	283	307
Provisions for risks, charges and liabilities for landfills	683	676
Other non-current liabilities	156	149
Total non-current liabilities	**4,215**	**4,439**
CURRENT LIABILITIES		
Trade payables	1,249	1,481
Other current liabilities	797	844
Current financial liabilities	572	304
Tax liabilities	67	6
Total current liabilities	**2,685**	**2,635**
Total liabilities	**6,900**	**7,074**
TOTAL EQUITY AND LIABILITIES	**10,541**	**10,725**

CONSOLIDATED INCOME STATEMENT (millions of euro)	**01.01.2020 09.30.2020**	**01.01.2019 09.30.2019**
Revenues		
Revenues from the sale of goods and services	4,671	5,226
Other operating income	134	154
Total Revenues	**4,805**	**5,380**
Operating expenses		
Expenses for raw materials and services	3,288	3,804
Other operating expenses	173	171
Total Operating expenses	**3,461**	**3,975**
Labour costs	**522**	**519**
Gross operating income - EBITDA	**822**	**886**
Depreciation, amortization, provisions and write-downs	**422**	**434**
Net operating income - EBIT	**400**	**452**
Financial balance		
Financial income	11	8
Financial expenses	71	101
Affiliates	1	4
Total financial balance	**(59)**	**(89)**
Result before taxes	**341**	**363**
Income taxes	**109**	**118**
Result after taxes from operating activities	**232**	**245**
Net result from discontinued operations	(2)	1
Net result	**230**	**246**
Minorities	**(12)**	**4**
Group result of the period	**218**	**250**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	**09.30.2020**	**09.30.2019**
Net result of the period (A)	**230**	**246**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	7	(9)
Tax effect of other actuarial gains/(losses)	(2)	4
Total actuarial gains/(losses) net of the tax effect (B)	**5**	**(5)**
Effective part of gains/(losses) on cash flow hedge	16	(14)
Tax effect of other gains/(losses)	(4)	4
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (B)	**12**	**(10)**
Total comprehensive result (A)+(B)	**247**	**231**
Total comprehensive result attributable to:		
Shareholders of the parent company	**235**	**235**
Minority interests	**(12)**	**4**

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)		09.30.2020		12.31.2019
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		**434**		**624**
Contribution of first consolidation of acquisitions of 2020/2019		**14**		**3**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		**448**		**627**
Operating activities				
Net Result (**)		**230**		**393**
Tangible assets depreciation		302		379
Intangible assets amortization		101		123
Fixed assets write-downs/disposals		5		18
Result from affiliates		(1)		(4)
Net financial interests		60		114
Net financial interests paid		(58)		(100)
Net taxes paid (a)	*(57)*		*(235)*	
Gross change in assets and liabilities (b)	*12*		*244*	
Total change of assets and liabilities (a+b) (*)		(45)		9
Cash flow from operating activities		**594**		**932**
Investment activities				
Investments in tangible assets		(232)		(380)
Investments in intangible assets and goodwill		(181)		(247)
Investments in shareholdings and securities (*)		(114)		(56)
Disposal of fixed assets and shareholdings		18		-
Cash flow from investment activities		**(509)**		**(683)**
FREE CASH FLOW		**85**		**249**
Financing activities				
Changes in financial assets				
Monetary changes:				
Proceeds from loans	*-*		*7*	
Other monetary changes	*(1)*		*(2)*	
Total monetary changes	***(1)***		***5***	
Non-monetary changes:				
Other non-monetary changes	*1*		*3*	
Total non-monetary changes	*1*		***3***	
TOTAL CHANGES IN FINANCIAL ASSETS (*)		**-**		**8**
Changes in financial liabilities				
Monetary changes:				
Borrowings/bonds issued	*219*		*491*	
Repayment of borrowings/bond	*(194)*		*(657)*	
Lease payments	*(14)*		*(17)*	
Dividends paid by the parent company	*(241)*		*(218)*	
Dividends paid by the subsidiaries	*(15)*		*(14)*	
Other monetary changes	*(19)*		*(26)*	
Total monetary changes	***(264)***		***(441)***	
Non-monetary changes:				
Amortized cost valuations	*2*		*4*	
Other non-monetary changes	*(2)*		*(13)*	
Total non-monetary changes	***-***		***(9)***	
TOTAL CHANGES IN FINANCIAL LIABILITIES (*)		**(264)**		**(450)**
Cash flow from financing activities		**(264)**		**(442)**
CHANGE IN CASH AND CASH EQUIVALENTS		**(179)**		**(193)**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		**269**		**434**

(*) Cleared of balances in return of shareholders' equity and other balance sheet items.
(**) 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, 2018	**1,629**	**(54)**	**(7)**	**1,223**	**344**	**3,135**	**388**	**3,523**
Changes in the first nine months of 2019								
2018 result allocation				344	(344)			
Distribution of dividends				(218)		(218)	(14)	(232)
IAS 19 reserves (*)				(5)		(5)		(5)
Cash flow hedge reserves (*)			(10)			(10)		(10)
Other changes							(12)	(12)
Group and minorities result of the period					250	250	(4)	246
Net equity at September 30, 2019	**1,629**	**(54)**	**(17)**	**1,344**	**250**	**3,152**	**358**	**3,510**
Changes in the fourth quarter of 2019								
Cash flow hedge reserves (*)			(13)			(13)		(13)
Other changes				11		11	(4)	7
Group and minorities result of the period					139	139	8	147
Net equity at December 31, 2019	**1,629**	**(54)**	**(30)**	**1,355**	**389**	**3,289**	**362**	**3,651**
Changes in the first nine months of 2020								
2019 result allocation				389	(389)			
Distribution of dividends				(241)		(241)	(15)	(256)
IAS 19 reserves (*)				5		5		5
Cash flow hedge reserves (*)			12			12		12
Other changes				(9)		(9)	7	(2)
Group and minorities result of the period					219	219	12	231
Net equity at September 30, 2020	**1,629**	**(54)**	**(18)**	**1,499**	**219**	**3,275**	**366**	**3,641**

***These form part of the statement of comprehensive income**