PRESS RELEASE – 15 May 2019

A2A S.p.A. Board of Directors has examined and approved the quarterly Financial Information as at 31 March 2019

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Gross operating margin of 328 million euro, down on the first quarter of 2018 lacking the contribution of green certificates and the unusual weather conditions

Group net margin amounted to 104 million euro (173 million euro at 31 March 2018)

Capex totalled 109 million euro, up 43% compared to the first quarter of 2018

Cash generation of 24 million euro, despite major investments: on a like-for-like basis, the NFP fell to 2,998 million euro. Including the accounting effects deriving from the application of IFRS 16, the NFP amounted to 3,110 million euro

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Milan, 15 May 2019 – At today's meeting of the Board of Directors of A2A S.p.A., chaired by Mr. Giovanni Valotti, the Board examined and approved the quarterly Financial Information as at 31 March 2019.

The first quarter of 2019 ended with overall economic and financial results decreasing, due exclusively to the Generation and Trading Business Unit, which were offset by the excellent results of the other Business Units and the contribution deriving from the consolidation of the ACSM-AGAM group.

The scenario in the first quarter of 2019 was marked by better electricity and gas prices with respect to the same period of 2018: the PUN Base Load increased by 9.4% in the first quarter, rising to 59.4 €/MWh, compared with 54.3 €/MWh in the first quarter of 2018. The price of natural gas at the Virtual

Trading Point (VTP) was down after last September's peak price – opposite to the typical seasonal dynamics; the average price for the first quarter of 2019 was 20.8 €/MWh, i.e. 5% lower than in the first quarter of 2018.
The cost of CO_2, increasing from 9.8 €/Ton in the first quarter of 2018 to 22.2 €/Ton in the corresponding period of 2019, bucked the trend.

The reported results incorporate the effects of the application of the new accounting standard IFRS 16, which came into force on 1 January 2019.
The standard applies to all contracts concerning the right to use an asset for a certain period of time in exchange for a specific fee. IFRS 16 sets, for lessees, a single accounting model for all leases (with specific cases of exclusion and exemption), eliminating the accounting differences between operating and financial lease.

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Consolidated results as at 31 March 2019

millions of euro	**3 months of 2019**	**3 months of 2018**	**Δ**	**Δ%**
Revenues	2,110	1,812	+298	+16.4%
Gross Operating Margin - EBITDA	328	408	-80	-19.6%
Net Operating Income - EBIT	197	287	-90	-31.4%
Net profit	104	173	-69	-39.9%

In the first quarter of 2019, the Group **Revenues** amounted to 2,110 million euro, up 298 million euro with respect to the first quarter of 2018 (+16%).
The revenues increase was mainly due to revenues from the sale of electricity, following higher sales on the free market, in particular to large customers, revenues from gas sales due to higher volumes sold on the free market and intermediated on the wholesale market, higher unit prices for both electricity and gas, partially offset by lower revenues from green certificates. The ACSM-AGAM group, fully consolidated starting July 1, 2018, generated a positive impact of 141 million euro on consolidated revenues in the first quarter of 2019.

The **Gross Operating Margin** equalled 328 million euro, posting a decrease of 80 million euro compared to the first quarter of 2018. The contribution resulting from the ACSM-AGAM group, fully consolidated starting July 1, 2018 was 24 million euro (the contribution of the former Aspem group consolidated in the first quarter of 2018 was 5 million euro).
Net of non-recurring items (5 million euro in the first quarter of 2019; 6 million euro first quarter of 2018), ordinary gross operating margin decreased by 79 million euro (-20%).

Net Operating Income of 197 million euro was down 90 million euro compared to the first quarter of 2018 (287 million euro), following the gross operating margin decrease described above, and the greater amortization and depreciation mainly relating to the ACSM-AGAM group and the assets acquired in 2018.

Group Net Profit attributable to the Group in the first quarter of 2019 amounted to 104 million euro, down compared to the same period of 2018 (173 million euro).

The **consolidated Net Financial Position** at 31 March 2019 amounted to 3,110 million euro (3,022 million euro as at end 2018).
During the period the cash generation was positive and equalled 24 million euro, after investments for 109 million euro. This cash flow generation only partially offset the impact of the adoption of IFRS 16 (+109 million euro) and the change in the consolidation scope (+3 million euro).

Results by Business Unit

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

Millions of euro	**31.03.2019**	**31.03.2018**	**Change**	**Change %**
Generation and Trading	57	171	-114	-66.7%
Market	60	41	19	46.3%
Waste	78	72	6	8.3%
Networks and District Heating	136	126	10	7.9%
A2A Smart City	2	2	0	0.0%
International	0	0	0	n.s.
Other Services and Corporate	-5	-4	-1	-25.0%
Total	**328**	**408**	**(80)**	**-19.6%**

Generation and Trading

In the first quarter of 2019, the Generation and Trading Business Unit contributed to fulfil the sales demand of the A2A Group through its plants production amounting to approximately 4.4 TWh (4.6 TWh at 31 March 2018).
Thermoelectric output totalled 3.5 TWh (3.8 TWh in the first quarter of 2018). The decrease compared with the same period of 2018 was mainly due to the output reduction of the San Filippo del Mela plant caused by a reduction in dispatching requests from Terna. At 0.8 TWh, hydroelectric output was slightly down compared with the same period of 2018 (-1.4%). The lower output produced by plants in the Northern zone was almost entirely offset by the higher output from the Calabria reservoirs. Finally, production from photovoltaic sources increased, thanks to the acquisitions of companies operating in the sector at the end of last year, which led the Group to hold approximately 100 megawatts of installed solar capacity.

Revenues amounted to 1,311 million euro, up 193 million euro compared with the same period of 2018. The increase was mainly due to higher volumes of electricity and gas sold and higher prices, partially offset by lower revenues from green certificates.

Gross Operating Margin of the Generation and Trading Business Unit amounted to 57 million euro, a decrease of 114 million euro compared with the first quarter of 2018.

The comparison with the first quarter of 2018 is strongly penalised by the exceptional results achieved in the previous year thanks to:

- the sale of the entire long position of green certificates produced of 63 million euro, determining, in the first three months of 2019 - together with the reduction in feed-in tariff revenues - a lesser contribution of the environmental markets of 72 million euro;
- the opportunities on the ancillary services market ("MSD"), linked to Terna's requests, especially in Southern Italy (reduction, in 2019, of 57 million euro).

The Business Unit was nevertheless able to limit the contraction thanks to the improved margins achieved on the spot markets and to the greater contribution of the photovoltaic sector following the acquisitions of companies made in 2018.

In the first quarter of 2019, the Investments of the Generation Business Unit amounted to about 8 million euro (3 million euro in Q1 2018).

Market Business Unit

The Market Business Unit recorded 3.3 TWh of electricity sales, up 25.5% compared with the same period of 2018 and 988 Mcm gas sales (+38.2% compared to the first quarter of 2018). The ACSM-AGAM group contributed 65 GWh to the increase in electricity sales and 203 Mcm to the increase in gas sales.
The growth in both the electricity and natural gas segments was mainly due to the greater volumes sold to large customers on the free market, partially offset by the lower sale volumes to “Maggior Tutela” customers (i.e. customers with regulated prices).

Revenues were 869 million euro (602 million euro as at 31 March 2018), up 44% due to larger quantities sold and the higher unit prices. Revenues rose by 114 million euro in the first quarter of 2018 following the consolidation of the ACSM-AGAM group.

Gross operating margin of the Market Business Unit equalled 60 million euro (41 million euro as at 31 March 2018).
The increase of 19 million euro compared with the same period of 2018 is due in part to the change in the consolidation scope (consolidation of the ACSM-AGAM group and simultaneous exit of the Aspem group) for 12 million euro and in part to the excellent performance of the Business Unit.
In the first quarter of 2018, the contribution margins of the electricity and gas segments were significantly higher (10 million euro), thanks to the increase in the number of customers in the free market (+49 thousand compared to the end of 2018), higher unit margins and higher sales volumes to large customers, which offset a contraction in unit consumption due to the milder temperatures of 2019.
The above sustained growth was only partially reduced by higher costs in the energy retail sector, mainly marketing and external communication to support the acquisition of new customers, and in the New Energy Solutions sector, linked to the development of the company operating in the sector.

In the first quarter of 2019, the Investments of the Market Business Unit amounted to around 6 million euro (2 million euro in Q1 2018).

Waste Business Unit

In the first quarter of 2019, both the quantities of waste collected (0.4 million tons) and the quantities of waste disposed (0.9 million tons) increased, by +2.3% and +0.8% respectively, compared to the first quarter of 2018.
The quantities of electricity sold increased by about 6% due to the increased production of the Brescia and Parona waste to energy plants.

In the first quarter of 2019 the Waste Business Unit recorded revenues of 270 million euro (257 million euro at 31 March 2018), up by 13 million euro compared to the first quarter of 2018. The consolidation of the ACSM-AGAM group generated 7 million euro in the BU revenues.

The Gross Operating Margin of the Waste Business Unit came to 78 million euro (72 million euro as at 31 March 2018), of which +2 million euro attributable to the ACSM-AGAM group.
The increase in margins was essentially due to the positive trend in the transfer prices of urban waste, the transfer prices of electricity produced by waste-to-energy plants and higher revenues from the transfer of inert lots to the Corteolona landfill. These effects partially offset the higher disposal costs and the lower revenues deriving from the transfer of waste to some landfills that are almost exhausted (Barengo and Comacchio).

Period investments equalled 21 million euro, of which 1 million relative to the ACSM-AGAM group (18 million euro at 31 March 2018).

Networks and District Heating Business Unit

Electricity distributed was 3.0 TWh, substantially in line (-0.6%) with the first quarter of 2018. The quantities of gas distributed reached 1,286 Mcm, up 9.4% (1,176 Mcm at 31 March 2018) and the water distributed was 19 Mcm, up 3.0 Mcm compared to the same period of 2018; both increases are due to the consolidation of the ACSM-AGAM group. Despite the contribution of the ACSM-AGAM group, the Business Unit's heat sales were equal to 1.3 TWh, or 4% less than in the first quarter of 2018, due to milder temperatures in 2019 than in 2018.

The Networks and District Heating Business Unit's revenues amounted to 320 million euro (284 million euro as at 31 March 2018). The increase of 36 million euro is mainly attributable to the consolidation of ACSM-AGAM, for 32 million euro.

The Gross Operating Margin of the Networks & District Heating Business Unit amounted to 136 million euro (126 million euro as at 31 March 2018). The consolidation of ACSM-AGAM contributed to the increase in margins for approximately 7 million euro in the quarter (10 million euro in the first quarter of 2019; 3 million euro in the first quarter of 2018 related to the Aspem group).
The change in the Business Unit's marginality is attributable to the change in the consolidation scope mentioned above, and the organic growth of the business. The district heating sector in particular made a positive contribution: the increase in unit margins more than compensated the drop in sales due to mild temperatures, higher environmental costs (CO2) and the lack of revenues from green certificates in Canavese.
The increase in revenues allowed for gas distribution, higher revenues for contributions to the connection of the electricity distribution and the increase in revenues in the water sector thanks to the increase in tariffs approved by the regulatory authority also contributed positively.

The Investments in the period equalled 66 million euro, of which 5 million euro relative to the ACSM-AGAM group (48 million euro at 31 March 2018).

A2A Smart City

In the first quarter of 2019 A2A Smart City reported revenues of 12 million euro (11 million as of 31 March 2018) and a gross operating margin of 2 million euro, in line with the previous year.

The Investments in the period equalled 3 million euro (2 million euro at 31 March 2018).

International Business Unit

The International Business Unit comprises the Group's activities to seek opportunities on foreign markets for the provision of know-how and technologies in A2A's core business.

The Business Unit generated revenues of 1 million euro in the first quarter of 2019 through the construction of high-tech waste treatment plants.

Gross operating margin was zero as at 31 March 2019, in line with 2018.

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Balance sheet

The comparison of the Balance Sheet as at 31 March 2019 with that as at 31 December 2018 is homogeneous and on a like-for-like basis, with the exception of the acquisition of a company owning a photovoltaic plant, completed by A2A Rinnovabili S.p.A.

(millions of euro)	31.03.2019	31.12.2018
CAPITAL EMPLOYED		
Net fixed assets	**6,272**	**6,131**
- Tangible assets	4,703	4,620
- Intangible assets	2,344	2,302
- Shareholdings and other non-current financial assets (*)	24	23
- Other non-current assets/liabilities (*)	(125)	(122)
- Deferred tax assets/liabilities	274	264
- Provisions for risks, charges and liabilities for landfills	(637)	(642)
- Employee benefits	(311)	(314)
of which with counter-entry to equity	*(109)*	*(101)*
Net Working Capital and Other current assets/liabilities	**342**	**302**
Net Working Capital:	***875***	***555***
- Inventories	119	187
- Trade receivables	2,077	1,781
- Trade payables	(1,321)	(1,413)
Other current assets/liabilities:	***(533)***	***(253)***
- Other current assets/liabilities (*)	(491)	(268)
- Current tax assets/tax liabilities	(42)	15
of which with counter-entry to equity	*(41)*	*(25)*
Assets/liabilities held for sale (*)	**110**	**112**
of which with counter-entry to equity	*109*	*109*
TOTAL CAPITAL EMPLOYED	**6,724**	**6,545**
SOURCES OF FUNDS		
Shareholders' equity	**3,614**	**3,523**
Total financial position after one year	3,058	2,968
Total financial debt within one year	52	54
Total Net Financial Position	**3,110**	**3,022**
of which with counter-entry to equity	*18*	*19*
TOTAL SOURCES	**6,724**	**6,545**

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

Net Fixed Assets

The "**Net fixed assets**" amounted to 6,272 million euro, up 141 million euro compared to 31 December 2018.

The main changes are detailed below:

- tangible assets increased by 81 million euro, net of the contribution of extraordinary items totalling 2 million euro, due mainly to:
    - investments amounting to 62 million euro, essentially in the Networks & District Heating Business Unit for 27 million euro, the Waste Business Unit for 20 million euro and the Generation and Trading Business Unit for 8 million euro. In addition, the Market business unit, A2A Smart City and Corporate recorded combined capex of approximately 7 million euro;
    - a net increase of 113 million euro due to other changes mainly due to the application of IFRS 16;
    - decrease of 1 million euro for disposals made during the period net of accumulated depreciation;
    - decrease of 93 million euro for the depreciation charge of the period.

  Tangible assets include "Financial-leased assets" totalling 52 million euro, recognized in accordance with IFRS 16, for which the outstanding payable to lessors at 31 March 2019 amounted to 50 million euro;

- Intangible assets increased by 42 million euro on 31 December 2018, due to:
    - the increase of 47 million euro generated by capex of the period, essentially in the Networks & District Heating business unit (39 million euro), the Market Business Unit for 5 million euro and the Waste, Other Services and Corporate and Generation business units, for a total of 3 million euro;
    - the net increase of 24 million euro mainly due to the environmental certificates of the industrial portfolio;
    - decrease of 29 million euro for the depreciation charge of the period.

- Shareholding and other non-current financial assets, at 24 million euro, up 1 million euro compared to 31 December 2018;
- other non-current assets and liabilities, show a net increase of 3 million euro mainly due to the growth in other non-current payables for the acquisition of a project company, completed by A2A Rinnovabili in the first quarter of 2019;
- deferred-tax assets/liabilities totalled 274 million euro, i.e. a rise of 10 million euro, due mainly to the change in the valuation of cash flow hedges that resulted from the recognition of deferred IRES (corporate income tax) and IRAP (regional tax on productive activities) assets and liabilities;
- Provisions for risks, changes and liabilities for landfills showed a decrease of 5 million euro. The period change is the net result of utilizations for the period (8 million euro), mainly due to the settlement of legal disputes (4 million euro), decommissioning and landfill costs (3 million euro) and additional utilizations (1 million euro). Net provisions for the period totalled 3 million euro, due mainly to public water derivation fees.
- employees benefits decreased by 3 million euro mainly due to payments made in the first quarter of 2019.

Net Working Capital and Other Current Assets/Liabilities

The "Net working capital", defined as the sum of trade receivables, closing inventories and trade payables, amounted to 875 million euro. An increase of 320 million euro was recorded with respect to 31 December 2018. Comments on the main items are given below:

Trade receivables

(millions of euro)	Value at 31.12.2018	Changes during the period	Value at 31.03.2019
Trade receivables invoices issued	1,030	218	1,248
Trade receivables invoices to be issued	914	81	995
Bad debts provision	(163)	(3)	(166)
Total trade receivables	**1,781**	**296**	**2,077**

As at 31 March 2019 the "Trade receivables" amounted to 2,077 million euro (1,781 million euro at 31 December 2018), with an increase of 296 million euro.

The bad debt provision of 166 million euro increased by 3 million euro with respect to 31 December 2018, essentially due to the 6 million euro provisioned in the period and uses for 3 million euro.

Trade receivables aging is detailed here below:

(millions of euro)	31.03.2019	31.12.2018
Trade receivables of which:	**2,077**	**1,781**
Current	**854**	**728**
Past due of which:	**350**	**302**
Past due up to 30 days	*100*	*75*
Past due from 31 to 180 days	*66*	*57*
Past due from 181 to 365 days	*40*	*29*
Past due over 365 days	*144*	*141*
Invoices to be issued	**1,039**	**914**
Bad debts provision	**(166)**	**(163)**

Trade payables

(millions of euro)	Value at 31.12.2018	Changes in the period	Value at 31.03.2019
Advances	3	0	3
Payables to suppliers	1,410	(92)	1,318
Total trade payables	**1,413**	**(92)**	**1,321**

"Trade payables" amounted to 1,321 million euro, evidencing a decrease of 92 million euro.

Inventories

(millions of euro)	Value at 31.12.2018	Changes during the period	Value at 31.03.2019
- Materials	69	0	69
- Material obsolescence provision	(17)	0	(17)
- Fuel	129	(77)	52
- Others	2	(1)	1
Raw and ancillary materials and consumables	**183**	**(78)**	**105**
Third-party fuel	**4**	10	**14**
Total inventory	**187**	**(68)**	**119**

"Inventories" amounted to 119 million euro (187 million euro at 31 December 2018), net of obsolescence provision of 17 million euro, unchanged compared to 31 December 2018.
The decrease is mainly due to the reduction in gas inventories for 67 million euro.

Other current assets/liabilities evidenced a net decrease of 280 million euro, mainly due to:

- net increase in tax payables for 57 million euro;
- increase of 93 million euro in payables to CSEA ("*Cassa per i Servizi Energetici e Ambientali*");
- 120 million euro increase in tax payables for VAT and excise duty;
- the increase in derivative liabilities for 7 million euro;
- 19 million euro increase in prepayments, mainly due to the payment of certain charges during the first quarter of 2019;
- decrease in advances paid to suppliers for fuel purchases for 11 million euro;
- other increases in current liabilities for 11 million euro.

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

(Millions of euro)	**31.03.2019**	**31.12.2018**	**CHANGE**
Generation	82	37	45
Market	504	434	70
Waste	14	-23	37
Networks and District Heating	-79	-62	-17
International	2	3	-1
A2A Smart City	-12	-7	-5
Corporate	-169	-80	-89
TOTAL	**342**	**302**	**40**

Consolidated "**Capital Employed"** amounted to 6,724 million euro at 31 March 2019, financed by shareholders' equity (3,614 million euro) and Net Financial Position (3,110 million euro).

Shareholders' equity

"**Equity**" amounted to 3,614 million euro and shows a positive change for a total of 91 million euro.

The positive change is the result of:

- period result for 114 million euro (104 million euro pertaining to the Group and 10 million euro to minorities);
- negative valuations of cash flow hedges in accordance with IFRS 9 (19 million euro);
- other negative changes amounting to 4 million euro.

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Financial position

Net free cash flow	31.03.2019	31.03.2018
EBITDA	**328**	**408**
Changes in Net Working Capital	(320)	(317)
Changes in Other assets/liabilities	179	130
Utilization of provisions, net taxes and net financial charges	(54)	(54)
FFO	**133**	**167**
Investments	(109)	(76)
Net free cash flow	**24**	**91**
Changes in consolidation scope	(3)	(41)
IFRS 16 adoption	(109)	
Change in Net Financial Position	**(88)**	**50**

The Net Financial Position at 31 March 2019 amounted to 3,110 million euro (3,022 million euro as at 31 December 2018). Net cash flows generation was 24 million euro, offset by the effects of the change in consolidation scope for 3 million euro and application of the accounting standard IFRS 16 for 109 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 320 million euro in the Net Financial Position, due to the 296 million euro increase in trade receivables, the 92 million euro decrease in trade payables and the 68 million euro decrease in gas and other fuel inventories. The above changes are mainly due to the seasonal effect.
  The Group occasionally performs non-recourse credit assignments. At 31 March 2019 the 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 (2 million euro at 31 December 2018). The Group has no rotating factoring programs.
- payment of net financial charges, taxes and funds absorbed 54 million euro of cash; the investments in the period, as detailed below, absorbed resources of 109 million euro;
- change in the consolidation scope worsened the Net Financial Position by 3 million euro, while IFRS 16 adoption led to a decrease of 109 million euro.

The "**Net investments**", amounting to 109 million euro, concerned the following Business Units:

Millions of euro	**31.03.2019**	**31.03.2018**	**Change**
Generation	8	3	5
Market	6	2	4
Waste	21	18	3
Networks and District Heating	66	48	18
A2A Smart City	3	2	1
Other Services and Corporate	5	3	2
Total	**109**	**76**	**33**

Generation Business Unit

Capital expenditures, totalling about 8 million euro in the first quarter of 2019, included 4 million euro for extraordinary maintenance of hydroelectric power plants and more than 3 million euro for projects carried out at the Group's thermoelectric power plants.

Market Business Unit

The Market Business Unit made investments of about 6 million euro in the first quarter of 2019. The investments regarded, for 5 million euro, evolutive maintenance works on the hardware and software platforms in support of marketing and billing and for the balance, activities related to the public lighting sector to replace lighting devices with LED systems in the municipalities managed and new projects.

Waste Business Unit

Investments made by the Waste Business Unit amounted to 21 million euro in the first quarter of 2019 and concerned mainly development and maintenance works on the waste-to-energy plants, treatment plants and landfills, and the purchase of waste collection vehicles and containers.

Networks and District Heating Business Units

The investments made by the Networks & District Heating Business Unit in the first quarter of 2019 amounted to 66 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 and the maintenance and upgrading of primary plants (18 million euro).
- 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 (24 million euro);
- in the integrated water cycle sector, work carried out on the water transportation and distribution network and the sewerage networks and purification plants (15 million euro);
- in the district heating and heat management sector, development and maintenance of plants and networks (9 million euro).

A2A Smart City

Capex in the period, amounting to 3 million euro, mainly refer to work on the telecommunication networks.

Corporate

The Investments in the first quarter of 2019, amounting to 5 million euro, refer to work buildings and IT systems.

The **Net Financial Position** amounted to 3,110 million euro (3,022 million euro at 31 December 2018). Gross debt totalled 3,741 million euro, i.e. 46 million euro less than at 31 December 2018, net of the effect of IFRS 16, which amounted to 109 million euro.
The liquidity and equivalents amounted to 604 million euro, down by 20 million euro.
The other net financial assets/liabilities showed a positive balance of 27 million euro with a net decrease of 5 million euro.

Furthermore, the change in the consolidation scope led to a worsening in the Net Financial Position totalling 3 million euro, as described in more detail in the "Financial position" section.

The fixed rate and hedged portion of the gross debt amounts to 79%. The duration is 4.5 years.

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Business outlook

As reported in the Report on Operations for the 2018 financial year, Management's expectations of economic and financial performance in 2019 are good despite the absence of the contribution of green certificates (over 100 million euro contribution to the gross operating result of 2018): Gross Operating Margin is expected to be between 1,155 million euro and 1,185 million euro (including 25 million euro of positive non-recurring items); net profit is expected to be between 300 million euro and 330 million euro. The strong generation of operating cash will be used to finance record investments (expected to amount to about 700 million euro) which, together with the distribution of higher dividends, will result in a net cash outflow of about 200 million euro.

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Accounting standards and change to the consolidation perimeter

The following accounting standards are applicable to the Group for reporting periods beginning on or after January 1, 2019:

- IFRS 16: “Leases”

In addition, the Group has already adopted following amendments to the international accounting standards applicable in 2019:

- IFRS 9: "Prepayment Features with Negative Compensation”. The integration, applicable as from 01 January 2019, allows entities to measure the negative/positive difference arising from the early termination of a financial asset/liability at amortised cost (i.e., rather than at FVTPL);
- IAS 19 “Employee Benefits”: The amendment deals with the accounting of pension expenditure in the event of changes to defined benefit plans. Specifically, the amendment introduces the calculation of the "service cost" using the basic assumptions updated after any change made to the plan;
- IFRIC 23 "Treatment of uncertainties of a fiscal nature": issued on June 7, 2017, the interpretation aims to define a method for dealing with fiscal uncertainties. The company, in recording the taxes for the year in the financial statements, must ask the question whether the tax treatment in question will be accepted by the tax authority; in case of negative assumption, the amount of taxes recorded in the financial statements will differ from that indicated in the tax declaration as it will reflect the uncertainty under analysis.
- IAS 28 "Investments in Associates and Joint Ventures": the integration clarifies that an entity that does not apply the equity method to financial instruments in associates or joint ventures will apply IFRS 9 to long-term interests without taking into account any adjustments to their carrying amount.

The amendments to the above standards, introduced and applicable as from this year have not had any impact on the Group's results and financial position.

Reference should be made to that described in the “Statement of financial position” section for information on the change in the consolidation scope.

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Alternative performance indicators

Certain alternative performance indicators 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 indicators 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;
- **Gross operating margin before non-recurring items** is an alternative performance indicator 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.);
- **Net Financial Position (NFP)** 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 indicator 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 investments.

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

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The executive responsible for drawing up A2A S.p.A.'s corporate accounting documents, Andrea Crenna, states – in accordance with article 154-bis, sub-section 2 of the Financial Act del (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 financial figures of the A2A Group, as at 31 March 2019, are attached.

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CONSOLIDATED BALANCE SHEET (millions of euro)	31.03.2019	31.12.2018
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	4,703	4,620
Intangible assets	2,344	2,302
Shareholdings carried according to equity method	18	16
Other non-current financial assets	26	29
Deferred tax assets	274	264
Other non-current assets	22	20
TOTAL NON-CURRENT ASSETS	**7,387**	**7,251**
CURRENT ASSETS		
Inventories	119	187
Trade receivables	2,077	1,781
Other current assets	391	313
Current financial assets	11	16
Current tax assets	49	49
Cash and cash equivalents	604	624
TOTAL CURRENT ASSETS	**3,251**	**2,970**
NON-CURRENT ASSETS HELD FOR SALE	**110**	**112**
TOTAL ASSETS	**10,748**	**10,333**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,629	1,629
(Treasury shares)	(54)	(54)
Reserves	1,538	1,216
Result of the year	-	344
Result of the period	104	-
Equity pertaining to the Group	**3,217**	**3,135**
Minority interests	397	388
Total equity	**3,614**	**3,523**
LIABILITIES		
NON-CURRENT LIABILITIES		
Non-current financial liabilities	3,074	2,984
Employee benefits	311	314
Provisions for risks, charges and liabilities for landfills	637	642
Other non-current liabilities	151	148
Total non-current liabilities	**4,173**	**4,088**
CURRENT LIABILITIES		
Trade payables	1,321	1,413
Other current liabilities	882	581
Current financial liabilities	667	694
Tax liabilities	91	34
Total current liabilities	**2,961**	**2,722**
Total liabilities	**7,134**	**6,810**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**
TOTAL EQUITY AND LIABILITIES	**10,748**	**10,333**

CONSOLIDATED INCOME STATEMENT (millions of euro)	01.01.2019 31.03.2019	01.01.2018 31.03.2018
Revenues		
Revenues from the sale of goods and services	2,063	1,759
Other operating income	47	53
Total Revenues	**2,110**	**1,812**
Operating expenses		
Expenses for raw materials and services	1,546	1,183
Other operating expenses	59	56
Total Operating expenses	**1,605**	**1,239**
Labour costs	**177**	**165**
Gross operating income - EBITDA	**328**	**408**
Depreciation, amortization, provisions and write-downs	**131**	**121**
Net operating income - EBIT	**197**	**287**
Result from non-recurring transactions	**-**	**-**
Financial balance		
Financial income	3	4
Financial expenses	27	34
Affiliates	-	1
Result from disposal of other shareholdings (AFS)	-	-
Total financial balance	**(24)**	**(29)**
Result before taxes	**173**	**258**
Income taxes	**59**	**83**
Result after taxes from operating activities	**114**	**175**
Net result from discontinued operations	-	2
Net result	**114**	**177**
Minorities	**(10)**	**(4)**
Group result of the period	**104**	**173**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	31.03.2019	31.03.2018
Net result of the period (A)	**114**	**177**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	-	-
Tax effect of other actuarial gains/(losses)	-	-
Total actuarial gains/(losses) net of the tax effect (B)	**-**	**-**
Effective part of gains/(losses) on cash flow hedge	(27)	8
Tax effect of other gains/(losses)	8	(3)
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	**(19)**	**5**
Other gains/(losses) of companies valued at equity net of the tax effect (D)	-	-
Total comprehensive result (A)+(B)+(C)+(D)	**95**	**182**
Total comprehensive result attributable to:		
Shareholders of the parent company	**85**	**178**
Minority interests	**(10)**	**(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)		31.03.2019		31.12.2018
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		**624**		**691**
Contribution of first consolidation of acquisitions of 2019/2018		1		26
CASH AND CASH EQUIVALENTS		**625**		**717**
Operating activities				
Net Result (**)		**114**		**348**
Tangible assets depreciation		93		372
Intangible assets amortization		29		91
Fixed assets write-downs/disposals		1		167
Result from affiliates		-		(4)
Held for sale activities write off		-		-
Net financial interests		24		116
Net financial interests paid		(46)		(114)
Net taxes paid (a)			*(102)*	
Gross change in assets and liabilities (b)	*(100)*		*149*	
Total change of assets and liabilities (a+b) (*)		(100)		47
Cash flow from operating activities		**115**		**1,023**
Investment activities				
Investments in tangible assets		(62)		(305)
Investments in intangible assets and goodwill		(47)		(195)
Investments in shareholdings and securities (*)		(3)		(25)
Disposal of fixed assets and shareholdings		-		13
Dividends received		-		2
Cash flow from investment activities		**(112)**		**(510)**
FREE CASH FLOW		**3**		**513**
Financing activities				
Changes in financial assets				
Monetary changes:				
Issuance of loans	*-*		*-*	
Proceeds from loans	*6*		*5*	
Other monetary changes	*-*		*11*	
Total monetary changes	***6***		***16***	
Non-monetary changes:				
Other non-monetary changes	*1*		*79*	
Total non-monetary changes	***1***		***79***	
TOTAL CHANGES IN FINANCIAL ASSETS (*)		**7**		**95**
Changes in financial liabilities				
Monetary changes:				
Borrowings/bonds issued	*-*		*68*	
Repayment of borrowings/bond	*(27)*		*(521)*	
Lease payments	*-*		*(2)*	
Dividends paid by the parent company	*-*		*(180)*	
Dividends paid by the subsidiaries	*-*		*(5)*	
Other monetary changes	*(33)*		*(2)*	
Total monetary changes	***(60)***		***(642)***	
Non-monetary changes:				
Amortized cost valuations	*3*		*4*	
Other non-monetary changes	*26*		*(63)*	
Total non-monetary changes	***29***		***(59)***	
TOTAL CHANGES IN FINANCIAL LIABILITIES (*)		**(31)**		**(701)**
Cash flow from financing activities		**(24)**		**(606)**
CHANGE IN CASH AND CASH EQUIVALENTS		**(21)**		**(93)**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		**604**		**624**

(*) 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, 2017	**1,629**	**(54)**	**(20)**	**1,030**	**293**	**2,878**	**135**	**3,013**
IFRS9 - FTA				**(4)**		**(4)**		**(4)**
Net equity at January 01, 2018	**1,629**	**(54)**	**(20)**	**1,026**	**293**	**2,874**	**135**	**3,009**
Changes of the first quarter of 2018								
2017 result allocation				293	(293)			
Cash flow hedge 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)**	**1,317**	**173**	**3,050**	**137**	**3,187**
Changes from 1st april 2018 to 31st december of 2018								
Distribution of dividends				(180)		(180)	(5)	(185)
IAS 19 reserves (*)				1		1		1
Cash flow hedge reserves (*)			8			8		8
Other changes				85		85	250	335
Group and minorities result of the period					171	171	6	177
Net equity at December 31, 2018	**1,629**	**(54)**	**(7)**	**1,223**	**344**	**3,135**	**388**	**3,523**
Changes of the first quarter of 2019								
2018 result allocation				344	(344)			
Cash flow hedge reserves (*)			(19)			(19)		(19)
Other changes				(3)		(3)	(1)	(4)
Group and minorities result of the period					104	104	10	114
Net equity at March 31, 2019	**1,629**	**(54)**	**(26)**	**1,564**	**104**	**3,217**	**397**	**3,614**

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