PRESS RELEASE – 19 March 2020

The Board of Directors of A2A S.p.A. has approved the 2019 Draft Financial Statements

***

Net Profit up by 13% on 2018,
(389 million euro in 2019; 344 million euro in 2018), best result since A2A foundation

Revenues come to 7 billion euro, +13% on last year

EBITDA is 1,234 million euro (1,231 million euro in 2018) with total recovery of the lesser contribution by green certificates and other incentives of approximately 100 million euro

Strong growth in capex: 627 million euro, +25% on the previous year

NFP at 3,154 million euro (3,022 at 31 December 2018)
NFP/EBITDA ratio at 2.56 x

***

Dividend proposed to the Shareholders' Meeting of 0.0775 euro per share, +10.7% compared to the previous year

***

Milan, 19 March 2020 – At today's meeting the Board of Directors of A2A S.p.A., chaired by Giovanni Valotti, approved the drafts of the Separate financial statement and of the Consolidated annual financial report at 31 December 2019.

A2A Group - Consolidated results at 31 December 2019

In 2019, thanks to the positive performance booked by all Group Business Units, the A2A Group achieved solid results, entirely recovering the decline in margins, of approximately 100 million euro, linked to the lesser contribution made by environmental certificates of the Generation and Trading Business Unit. It also benefited from the full year contribution of the ACSM-AGAM group, consolidating the territorial aggregation process that had been launched during previous years and laying the base for further developments.

The following 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 distinction, in the accounts, between operating and financial leasing.

The following are the main indicators:

millions of euro	**Year 2019**	**Year 2018**	**Δ**	**Δ%**
Revenues	**7,324**	**6,494**	+830	+12.8%
Gross operating Margin – EBITDA	**1,234**	**1,231**	+3	-
Net Operating Income – EBIT	**687**	**588**	+99	+16.8%
"Ordinary" Net Result	**378**	**438**	-60	-13.7%
"Reported" Net Result	**389**	**344**	+45	+13.1%

In 2019, the **Revenues** of the A2A Group amounted to 7,324 million euro, up 12.8% on the previous year.
The increase in revenues was mainly due to greater sales made on the free market, in particular large customers and revenues from gas sales thanks to higher volumes sold on the free market and intermediated on the wholesale market, partially offset by lower revenues related to environmental markets.
Revenues of the ACSM-AGAM group, consolidated starting July 2018, came to 420 million euro (187 million euro as at 31 December 2018, referring to the second half-year only post completion of the aggregation).

EBITDA came to 1,234 million euro (1,231 million euro at 31 December 2018). The contribution of the ACSM-AGAM group, consolidated starting 1 July 2018, was 69 million euro (41 million euro in 2018, including the result of the former Aspem group consolidated in the first half of 2018).
Net of non-recurring items (39 million euro in 2018; 42 million euro in 2019), EBITDA was in line with 2018.

EBIT amounted to 687 million euro, up 99 million euro compared to 2018 (588 million euro in 2018).
The increase was due to:

- lower write-offs for the current year compared with the previous one (9 million euro in net write-offs in 2019; 160 million euro in 2018);
- the increase in amortisation/depreciation relative to the ACSM-AGAM group, the application of the standard IFRS 16, assets acquired and greater investments during the year (-39 million euro);

- higher net provisions made during the year for risks, mainly deriving from the lesser release in 2019 of provisions for risks and receivables, which exceeded releases of the previous year (-16 million euro).

Net write-offs applied in 2019 refers to:
- the impairment write-back, for +127 million euro, of the 400 MW plants of Mincio, Chivasso and Sermide. These plants had been entirely written-off during previous years, following their preservation; this year, they were written-back due to their correct function, the changed (increased) prospects of use, also connected with the envisaged phase-out of coal, scenario and remuneration offered by the capacity market mechanism, already assigned for 2022 and 2023 and expected for subsequent years;
- the impairment write-off of the Monfalcone plant equal to-3 million euro (-116 million euro in 2018);
- the write-off of the Grottaglie landfill for -48 million euro considering the expected reduction in future profitability, following the rejection of the appeal by the Council of State against the ruling of the Lecce Regional Administrative Court no. 143/2019 and consequent confirmation of the cancellation of DD45/18, which had permitted a substantial change to the IEA relative to the landfill, with subsequent resumption of disposal activities;
- the impairment write-off of the goodwill of the electricity networks for -85 million euro (-44 million euro in 2018).

Group net profit for 2019 reached 389 million euro (344 million euro in 2018), up 45 million euro (+13.1%).
In 2018, Group net profit was affected not only by the impairment resulting from the relevant tests (-128 million euro, net of the related tax effects), but also by the effects of the renegotiation of the agreement for the exercise of the put option over the portion of the share capital held by A2A S.p.A. in the Montenegro company EPCG for 21 million euro, the capital gain of 6 million euro consequent to the sale of the investment in the coal mine Rudnik uglja ad Pljevlja and the badwill for approximately 8 million, related to the acquisition of plants operating in Italy in the photovoltaic sector, owned by Talesun.
In 2019, Group net profit was affected by the impairment test results, net of the tax effects (-6 million euro) and the portion of write-off of Grottaglie pertaining to minorities (+17 million euro).
Excluding the above-mentioned effects, “Ordinary” net result for the Group in 2019 was 378 million euro (438 million euro in 2018).

The **Net Financial Position** at 31 December 2019 amounted to 3,154 million euro (3,022 million euro as at end 2018). Excluding the accounting effects consequent to the application of IFRS16 (-109 million euro) and the impact of changes in perimeter (+53 million euro), the NFP as at 31 December 2019 came to 3,098 million euro.

***

A2A Group - Results by Business Unit

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

Millions of euro	12.31.2019	12.31.2018	Change	Change %
Generation and Trading	301	370	-69	-18.6%
Market	229	206	23	11.2%
Waste	271	268	3	1.1%
Networks and District Heating	461	410	51	12.4%
A2A Smart City	11	11	0	0.0%
International	-3	0	-3	n.s.
Corporate	-36	-34	-2	5.9%
Total	**1,234**	**1,231**	**3**	**0.2%**

Generation and Trading Business Unit

Revenues amounted to 4,399 million euro, up 545 million euro compared to the previous year. The increase was mainly due to higher volumes sold on the wholesale markets, particularly gas, partly offset by lower revenues from the environmental markets.

EBITDA of the Generation and Trading Business Unit amounted to 301 million euro, a decrease of 69 million euro compared to the previous year. Before non-recurring items (equal to +14 million euro in 2019 and +11 million euro in 2018), Ordinary EBITDA dropped by 72 million euro.
This year was very much penalised by the loss of the contribution, which had been significant during the previous year (approximately 100 million euro) made by green certificates and other incentives (feed-in tariff for the Mese plant).
The ensuing reduction in margins, amplified by the lesser margins recorded on the ancillary services market ("MSD") and by conventional thermoelectric plants (coal and oil) was significantly limited by the Generation and Trading Business Unit, thanks to the positive results achieved by the combined cycle thermoelectric plants, the greater hydroelectric production and the greater contribution made by the photovoltaic sector.

Capex were 88 million euro in 2019, mainly related to extraordinary maintenance works carried out on the CCGT plants (approximately 48 million euro) and on the hydroelectric units of Valtellina, Mese, Udine and Calabria (approximately 14 million euro). Development works were also carried out for a total of 19 million euro, related to Brindisi plant (start of installation works on the synchronous compensators) and the other thermoelectric plants (capex to increase flexibility). Finally, in 2019 activities were carried out to comply with standards for approximately 4 million euro, of which 2 million euro relative to the CCGT plant of Chivasso.

Market Business Unit

Revenues were 2,724 million euro (2,230 million euro as at 31 December 2019), up 22.2% due to larger quantities sold of both electricity and gas and the twelve months of consolidation of the ACSM-AGAM group.

EBITDA of the Market Business Unit came to 229 million euro (206 million euro in the previous year). Net of non-recurring items (+22 million euro in 2019 and +30 million euro in 2018), Ordinary EBITDA for the Business Unit grew by 31 million euro (+18% on the previous year). The variation was determined by a considerable increase in margins in the energy retail segment (+38 million euro) and public lighting (+3 million euro) and a decline in the energy solutions segment (-10 million euro).
The increase in the energy retail segment is partly due to the contribution made by the ACSM-AGAM group, equal, net of the contribution made by the Aspem group in the first half of 2018, to 17 million euro and partly to the excellent performance of the traditional segment (+21 million euro). In 2019, in fact, the contribution margins of the electricity and gas segments showed significant growth (+40 million euro), thanks to the increase in the number of customers on the free market (+205 thousand on end 2018; +227 thousand including the ACSM-AGAM group), the greater volumes sold to large customers that more than offset a decline in unitary gas consumptions, the increase in unitary margins of customers on the free market, above all gas, and the adjustment of RCV and PCV prices (resolution 706/2018/R/eel) to cover the costs of marketing electricity. The growth was only partially reduced by higher costs, mainly for marketing and external communication to attract new customers.
The higher margins of the public lighting sector are linked to the issue of a larger number of white certificates in 2019, as well as a greater quantity of extraordinary maintenance works.
The reduction in margins in the energy solutions segment was due to the lesser opportunities that white certificates market has offered to operators, both in terms of price and volumes exchanged, also following approval of the Decree by the Ministry of Economic Development on 10 May 2018, which regulated the price of sale of Energy Efficiency Certificates (EECs) and the methods of procurement by distributors obliged to cancel the certificates.

Capex of the period of the Business Unit amounted to around 32 million euro. More specifically, approximately 20 million euro were related to the energy retail segment, mainly for evolutive maintenance and the development of the hardware and software platforms; approximately 7 million euro went to new projects to develop the public lighting segment and 5 million euro to improve energy efficiency in the New Energy Solutions segment.

Waste Business Unit

During 2019, the Waste Business Unit recorded revenues of 1,047 million euro (1,022 million euro at 31 December 2018).

The EBITDA of the Waste Business Unit equalled 271 million euro (268 million euro at 31 December 2018).
The greater margin in the collection segment, the positive dynamics of conferral prices (in particular municipal-like waste), the prices of the sale of electricity produced by the waste-to-energy plants and the greater revenues from conferral of industrial processing plants, all helped towards the year’s result. These positive effects were almost entirely reabsorbed by greater costs of disposal and lesser revenues deriving from the conferral to other Group landfills that were running out (Grottaglie, Barengo and Comacchio).

2019 Capex totalled 97 million euro and were mainly related to maintenance and development works on waste-to-energy plants (49 million euro), processing plants and landfills (25 million euro), the purchase of vehicles, containers, operating systems and the restructuring of corporate buildings in the collection segment (23 million euro).

Networks and District Heating Business Unit

2019 Networks and District Heating business unit's revenues amounted to 1,096 million euro (1,110 million euro as at 31 December 2018). The change is mainly due to the lesser revenues relating to the tariff contributions recognised to distributors to cancel out the energy savings obligations (EECs), partly offset by the contribution made by the ACSM-AGAM group.

EBITDA of the Networks & District Heating business unit amounted to 461 million euro (410 million euro as at 31 December 2018).
Net of non-recurring items (+19 million euro in 2019 and +3 million euro in 2018), Ordinary EBITDA for the BU grew by 35 million euro (+9% on 2018).
The change in margins is mainly due to the district heating segment: the increase in unit margins more than offset the higher environmental costs (CO2) and the lack of revenues from green certificates in Canavese.
A positive contribution towards the business results was mainly due to: the increase in allowed revenues for gas distribution , revenue growth in the water segment following the increase in the tariffs resolved by the Regulatory Authority, the reduction in fixed costs and the change in scope determined by the different consolidation periods of the ACSM-AGAM group.

Capex for the reporting period amounted to 352 million euro and regarded:

- 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 investments in the launch of the 2G smart meter project (111 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 (112 million euro);
- in the integrated water cycle segment, maintenance and development work carried out on the water transportation and distribution network and the sewerage networks and purification plants (71 million euro);
- in the district heating and heat management sector, development and maintenance of plants and networks for a total of 58 million euro.

International Business Unit

International Business Unit revenues at 31 December 2019 amounted to 3 million euro (8 million euro at 31 December 2018) and related to the construction of high-tech waste treatment plants.

EBITDA was negative for 3 million euro (nil in the previous year).
The change is mainly due to the prosecution of certain activities and the postponement of international tenders, which saw a substantial misalignment between costs incurred and the related revenues.

A2A Smart City

In 2019, the revenues of the company A2A Smart City S.p.A. came to 63 million euro, up by 10 million euro compared to the previous year, due to the extension of services offered to other Group companies and third party operators.

EBITDA was 11 million euro, in line with the previous year.

Capex in the period, amounting to 16 million euro, mainly refer to work on the telecommunication networks.

***

A2A Group - Economic and Financial Results

Net fixed capital amounted to 6,470 million euro, up 339 million euro compared to 31 December 2018.
The main changes were related to:

- total capex for 627 million euro;
- contributions deriving from the application of accounting standard IFRS 16 for 127 million euro, of which 109 related to the first application as at 1 January 2019;
- the annual impairment testing process resulted in the write-back of the plants of Chivasso, Sermide and Mincio for 127 million euro, offset by write-off for 88 million euro, mainly relating to the goodwill of electric networks;
- impairment write-off of 48 million euro for the Grottaglie landfill; increase of 33 million euro relative to the decommissioning provisions and landfill closure costs as a result of updating appraisals and discount rates;
- net increase in environmental certificates of the industrial portfolio for 25 million euro;
- increase in equity investments and other non-current financial assets by 22 million euro, deriving from the equity investment purchases;
- contributions deriving from the acquisition of controlling interests made during the year for 18 million euro;
- increase in deferred tax assets for 13 million euro;
- ordinary amortisation/depreciation for the year for 502 million euro;
- increase in the provisions for risks, charges and liabilities for landfills of 34 million euro;
- decrease in provisions for employee benefits for 7 million euro;
- other positive changes amounting to 12 million euro.

Working capital amounted to 335 million euro, with an increase of 33 million euro on the figure reported at 31 December 2018.
The main changes were related to:

- net increase in current tax receivables for 42 million euro;
- reduction in the amounts payable for excise duties and tariff components for 8 million euro;
- reduction in amounts payable for deferred prices deriving from purchases made in the photovoltaic sector for 7 million euro;
- net increase of 3 million euro in trade payables and receivables;
- 20 million euro net increase in tax payables for VAT, excise duties and other indirect taxes;
- net increase in derivative liabilities for 16 million euro;

- net decrease of 3 million euro in inventories, mainly relating to changes in fuel oil, coal and gas stocks;
- net increase in other current assets for 12 million euro.

Assets held for sale were nil as at 31 December 2019, whilst at the end of last year they amounted to 112 million euro and mainly referred to the investment in EPCG, held 18.7 % by A2A S.p.A., which was booked as a discontinued operation in compliance with the provisions of IFRS 5, following the decision of 03 July 2017 to exercise the sale put option on the entire shareholding. The change observed is due to the collection of all 4 sales tranches envisaged by the put option agreement reached with the Montenegro government and consequent running out of the investment held.

Consolidated **Employed capital** at 31 December 2019 amounted to 6,805 million euro and was financed by Equity for 3,651 million euro and the Net Financial Position for 3,154 million euro.

Equity amounted to 3,651 million euro and shows a positive change for a total of 128 million euro. The positive change was brought by the year result for 393 million euro (389 million euro pertaining to the Group and 4 million euro to minorities), while the following mainly contributed to the reduction of Equity:

- the distribution of dividends for a total of 218 million euro;
- the measurements in accordance with IFRS 9 and IAS 19 for a total of 28 million euro (of which -23 million euro from the measurement of cash flow hedges).

The **Net Financial Position**, amounting to 3,154 million euro (3,022 million euro at 31 December 2018), absorbed cash of 76 million euro, after capex of 627 million euro (up compared to 500 million euro in 2018) and the payment of dividends for 218 million euro (up compared to 180 million euro in 2018). Additionally, the Net Financial Position worsens by 109 million euro consequent to the first application of accounting standard IFRS 16 and improves by 53 million euro following the change to the Group perimeter (109 million euro in collections relative to the put option exercised over the Montenegro investee EPCG, offset by 56 million euro in payments, mainly for the purchase of controlling interests).
The fixed rate and hedged portion of the gross debt amounts to 80%. The duration is 5.0 years.

***

Economic results of the Parent Company A2A S.p.A.

In the year in question, A2A S.p.A. shows **Revenues** for a total of 4,489 million euro (3,826 million euro in the previous year). Sales revenues (4,198 million euro) mainly refer to electricity sales to wholesalers, institutional operators, on IPEX markets (Italian Power Exchange) and subsidiaries, sales of gas and fuels to third parties and subsidiaries and the sale of environmental certificates. Revenues from services (186 million euro) mainly refer to administrative, fiscal, legal, managerial and technical services provided to subsidiaries. Other revenues (105 million euro) include the release of the provision relative to the expense of the tolling contract with Ergosud, as incentives on net production from renewable sources.

Operating costs amounted to 4,128 million euro (3,516 million euro at 31 December 2018) and refer to costs for raw materials (3,586 million euro) related primarily to purchases of energy and fuels, both for electricity production and for resale, purchases of materials and environmental certificates; service costs (266 million euro), which refer to the costs for the transport and storage of natural gas, costs for plant maintenance as well as for professional and technical services costs and other operating costs (275 million euro), which include the contracting of thermoelectric production plants "tolling agreement" of both subsidiaries and associates, as well as water derivation fees, damages and penalties. Labour costs amounted to 148 million euro (135 million euro at 31 December 2018).

Due to the dynamics mentioned above **EBITDA** amounted to 213 million euro (175 million euro at 31 December 2018).

Amortisation and depreciation, provisions and impairment amounted to 96 million euro (90 million euro at 31 December 2018) and includes amortisation, depreciation and impairment of tangible and intangible assets for 94 million euro (87 million euro at 31 December 2018) and provisions for 2 million euro (3 million euro at 31 December 2018).

EBIT was positive for 117 million euro (positive for 85 million euro at 31 December 2018).

The **Result from non-recurring transactions** was nil at 31 December 2019, while it amounted to 6 million euro at the end of the previous year including the gain deriving from the sale of the investment held in the company Rudnik uglja ad Pljevlja.

Financial operations reported a positive balance of 353 million euro (positive for 276 million euro at 31 December 2018). The item includes dividends from subsidiaries for 333 million euro (367 million euro at 31 December 2018), the write-back of the investment in A2A Gencogas S.p.A. for 97 million euro (impairment write-off of investments for a total of 73 million euro relative to A2A Energiefuture S.p.A. at 31 December 2018) in line with the write-back of the Electricity CGU of the Generation and Trading Business Unit booked into the consolidated financial statements; additionally, there were net financial expenses for 77 million euro (86 million euro at 31 December 2018).

Result before taxes was positive for 470 million euro (positive for 366 million euro at 31 December 2018).

Income taxes were 20 million euro (14 million euro at 31 December 2018).
Taxation mainly derives from the booking of: i) current tax calculated on taxable income for IRES and IRAP; ii) reduction in deferred tax liabilities following reversal of the temporary differences from previous years, partly offset by a reduction in prepaid tax, also due to the reversal of temporary differences from previous years.

The **Net result from discounted operations** was positive and equal to 1 million euro, referring entirely to dividends and the measurement of the investment in the investee EPCG. Last year, it was positive for 21 million euro, including 16 million euro in collections of dividends from the investee EPCG and 5 million euro as proceeds from discounting, to adjust the value of the equity investment in EPCG to fair value.

The **Net result of the year** was positive for 451 million euro (373 million euro at 31 December 2018).

Net year **Capex** came to 40 million euro and in particular regarded interventions on hydroelectric plants, fixed assets under construction, investments in Group information systems and software, net of amounts realised on equity investments and the sales of fixed assets to Unareti S.p.A. made during the period under review.

Financial position and assets of A2A S.p.A.

The **net financial position** came to 1,868 million euro, improving by 214 million euro with respect to 31 December 2018. During the year, operations generated resources of 498 million euro, partly offset by the resources absorbed by net investments in tangible and intangible assets and shareholdings of 40 million euro and dividends paid to shareholders of 218 million euro.

***

Dividends distribution proposal

The Board of Directors resolved to submit a proposal to the ordinary Shareholders' Meeting to approve an ordinary dividend of 0.0775 euro per ordinary share outstanding (corresponding to total dividends of approximately 241 million euro), up 10,7% compared to the previous year.

The Board of Directors resolved to meet on 30 March 2020 in order to decide the date of the Shareholders' Meeting which should be no later than 11 June 2020, with an ex-dividend date no later than 15 June 2020, unless new exceptional and extraordinary circumstances have arisen.

***

Improvement in Sustainability indicators

In 2019, A2A generated and distributed to stakeholders gross global added value of 1,927 million euro (+6% compared to 2018). The Group has distributed wealth also through the 1.3 billion euro spent on orders, 96% of which for the benefit of Italian companies. 62% of total investments made in 2019, equal to 385 million euro, come under the scope of ESG (Environmental Social Governance) criteria and are tied to Sustainability Plan objectives/actions. In 2019, 965 employees were hired, taking the Group total to 12,196. Injury frequency and severity indices have improved (-14% on 2018).The CO_2 emission factor of the Group's electricity generation has dropped by 11% on 2018 (ratio of direct CO_2 emissions and total electricity production). CO_2 emissions avoided were instead up by 25% (3.5 million tonnes), thanks to renewable sources, cogeneration and energy recovery from waste. Separate waste collection reached 68.8% on average (vs. 68.0% in 2018) and 99.9% of urban waste collected was sent for material recovery (70.9%) or energy (29.0%). 10 million kilometres were travelled thanks to the recharging of electrical vehicles at the A2A posts (the e-moving network).
A2A Energia was the best performer of the companies involved in the ARERA investigation into the quality of call centre, with 98.1% of customers satisfied (+5.8% more than the national average). Visits to group plants and environmental education initiatives involved more than 72 thousand students and teachers (+12% on 2018). The first cycle of the territorial listening programme, ForumAscolto, which over 5 years has run 6 workshops, 20 presentations of territorial reports and 18 sustainable projects, has drawn to a close. In 2019, 16 projects that had won the "Doniamo Energia 2" tender were launched, making available a contribution of 2 million euro and promoted in collaboration with the Cariplo

Foundation, with the aim of supporting families in situations of social and economic vulnerability throughout Lombardy.

***

COVID-19 virus (Coronavirus) medical emergency

With regards to the emergency status currently impacting Italy as a result of the spread of the COVID-19 virus and consequent measures adopted by the competent government bodies, the A2A Group, which is constantly monitoring the evolution of the situation, has implemented measures currently necessary, to guarantee business continuity and operation, as well as protecting its employees, customers and suppliers and all those otherwise called to interact with the various Group companies.
At the moment, the Group cannot exclude the possibility of a downturn to the volume of certain commercial and industrial businesses, whose impact on total results is expected to be limited, if the medical emergency will not go beyond the end of the year, also thanks to the extensive diversification of the businesses, including regulated activities some of which are relevant. The impacts of the energy scenario may be more significant if the current weakness should continue or worsen, also due to the macroeconomic effects deriving from the continuation and global spread of the medical emergency.
On the basis of the current situation and the sensitivity analysis carried out to understand potential impact related to the COVID-19 epidemic, A2A identified first steps to reduce the impact of potential adverse effect on financial/economic results of the current year.
A2A will monitor the evolution of the scenario, promptly taking any action necessary to limit impacts as far as possible.
The hypothesis as to the possible deferral of bill payment, which at the moment seems to be rather remote, must be considered with reference to the procedures and types of customers involved; in any case, it will be managed in the same way as other market participants.

***

Some alternative performance measures (APMs) are used in the press released, not envisaged by the international financial reporting standards adopted by the European Union (IFRS-EU); the purpose of this is to allow for a better assessment of the economic-financial management performance of the A2A Group. In 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" plus "Depreciation, amortisation, write downs and provisions".*
- ***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.);*
- 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);*
- *the* ***Net financial position*** *is an indicator of the Company's financial structure. This indicator corresponds to the financial debts net of liquidity and equivalents and current and non-current financial assets (financial credits and securities other than equity investments).*
- ***Investments*** *are an alternative performance measure used by the A2A Group as a financial target under the scope of performance both within the Group (Business Plan) and externally (presentations to financial analysts and investors); it constitutes a useful measurement of the resources used in maintaining and developing investments of the A2A Group.*

***

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.

***

The following are attached the accounting tables of the A2A Group, extracted from the Consolidated annual financial Report at 31 December 2019 and from the Separate Financial Statements at 31 December 2019.

The Consolidated annual financial Report and the Separate Financial Statements together with the report on operations are subject to auditing and are under completion.

For further information:

Media Relations: Giuseppe Mariano tel. 02 7720.4583, ufficiostampa@a2a.eu
Investor Relations: tel.02 7720.3974, ir@a2a.eu
www.a2a

CONSOLIDATED BALANCE SHEET	12.31.2019	12.31.2018
(millions of euro)		
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	4,869	4,620
Intangible assets	2,379	2,302
Shareholdings carried according to equity method	38	16
Other non-current financial assets	27	29
Deferred tax assets	277	264
Other non-current assets	25	20
TOTAL NON-CURRENT ASSETS	**7,615**	**7,251**
CURRENT ASSETS		
Inventories	184	187
Trade receivables	1,852	1,781
Other current assets	567	313
Current financial assets	10	16
Current tax assets	63	49
Cash and cash equivalents	434	624
TOTAL CURRENT ASSETS	**3,110**	**2,970**
NON-CURRENT ASSETS HELD FOR SALE	**-**	**112**
TOTAL ASSETS	**10,725**	**10,333**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,629	1,629
(Treasury shares)	(54)	(54)
Reserves	1,325	1,216
Result of the year	389	344
Equity pertaining to the Group	**3,289**	**3,135**
Minority interests	362	388
Total equity	**3,651**	**3,523**
LIABILITIES		
NON-CURRENT LIABILITIES		
Non-current financial liabilities	3,307	2,984
Employee benefits	307	314
Provisions for risks, charges and liabilities for landfills	676	642
Other non-current liabilities	149	148
Total non-current liabilities	**4,439**	**4,088**
CURRENT LIABILITIES		
Trade payables	1,481	1,413
Other current liabilities	844	581
Current financial liabilities	304	694
Tax liabilities	6	34
Total current liabilities	**2,635**	**2,722**
Total liabilities	**7,074**	**6,810**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**
TOTAL EQUITY AND LIABILITIES	**10,725**	**10,333**

CONSOLIDATED INCOME STATEMENT (millions of euro)	01.01.2019 12.31.2019	01.01.2018 12.31.2018
Revenues		
Revenues from the sale of goods and services	7,122	6,271
Other operating income	202	223
Total Revenues	**7,324**	**6,494**
Operating expenses		
Expenses for raw materials and services	5,156	4,332
Other operating expenses	234	266
Total Operating expenses	**5,390**	**4,598**
Labour costs	**700**	**665**
Gross operating income - EBITDA	**1,234**	**1,231**
Depreciation, amortization, provisions and write-downs	**547**	**643**
Net operating income - EBIT	**687**	**588**
Result from non-recurring transactions	**4**	**14**
Financial balance		
Financial income	16	16
Financial expenses	130	132
Affiliates	4	4
Result from disposal of other shareholdings	-	-
Total financial balance	**(110)**	**(112)**
Result before taxes	**581**	**490**
Income taxes	**189**	**157**
Result after taxes from operating activities	**392**	**333**
Net result from discontinued operations	1	21
Net result	**393**	**354**
Minorities	**(4)**	**(10)**
Group result of the year	**389**	**344**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	12.31.2019	12.31.2018
Net result of the year (A)	**393**	**354**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	(7)	2
Tax effect of other actuarial gains/(losses)	2	(1)
Total actuarial gains/(losses) net of the tax effect (B)	**(5)**	**1**
Effective part of gains/(losses) on cash flow hedge	(32)	18
Tax effect of other gains/(losses)	9	(5)
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	**(23)**	**13**
Other gains/(losses) of companies valued at equity net of the tax effect (D)	-	-
Total comprehensive result (A)+(B)+(C)+(D)	**365**	**368**
Total comprehensive result attributable to:		
Shareholders of the parent company	**361**	**358**
Minority interests	**(4)**	**(10)**

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)		12.31.2019		12.31.2018
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**624**		**691**
Contribution of first consolidation of acquisitions of 2019/2018		**3**		**26**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**627**		**717**
Operating activities				
Net Result (**)		**393**		**348**
Tangible assets depreciation		379		372
Intangible assets amortization		123		91
Fixed assets write-downs/disposals		18		167
Result from affiliates		(4)		(4)
Net financial interests		114		116
Net financial interests paid		(100)		(114)
Net taxes paid (a)	*(235)*		*(102)*	
Gross change in assets and liabilities (b)	*244*		*149*	
Total change of assets and liabilities (a+b) (*)		9		47
Cash flow from operating activities		**932**		**1,023**
Investment activities				
Investments in tangible assets		(380)		(305)
Investments in intangible assets and goodwill		(247)		(195)
Investments in shareholdings and securities (*)		(56)		(25)
Disposal of fixed assets and shareholdings		-		13
Dividends received		-		2
Cash flow from investment activities		**(683)**		**(510)**
FREE CASH FLOW		**249**		**513**
Financing activities				
Changes in financial assets				
Monetary changes:				
Issuance of loans	*-*		*-*	
Proceeds from loans	*7*		*5*	
Other monetary changes	*(2)*		*11*	
Total monetary changes	***5***		***16***	
Non-monetary changes:				
Other non-monetary changes	*3*		*79*	
Total non-monetary changes	***3***		***79***	
TOTAL CHANGES IN FINANCIAL ASSETS (*)		**8**		**95**
Changes in financial liabilities				
Monetary changes:				
Borrowings/bonds issued	*491*		*68*	
Repayment of borrowings/bond	*(657)*		*(521)*	
Lease payments	*(17)*		*(2)*	
Dividends paid by the parent company	*(218)*		*(180)*	
Dividends paid by the subsidiaries	*(14)*		*(5)*	
Other monetary changes	*(26)*		*(2)*	
Total monetary changes	***(441)***		***(642)***	
Non-monetary changes:				
Amortized cost valuations	*4*		*4*	
Other non-monetary changes	*(13)*		*(63)*	
Total non-monetary changes	***(9)***		***(59)***	
TOTAL CHANGES IN FINANCIAL LIABILITIES (*)		**(450)**		**(701)**
Cash flow from financing activities		**(442)**		**(606)**
CHANGE IN CASH AND CASH EQUIVALENTS		**(193)**		**(93)**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**434**		**624**

(*) 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 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**
IFRS 9 - FTA				**(4)**		**(4)**		**(4)**
Net equity at January 1, 2018	**1,629**	**(54)**	**(20)**	**1,026**	**293**	**2,874**	**135**	**3,009**
2017 result allocation				293	(293)			
Distribution of dividends				(180)		(180)	(5)	(185)
IAS 19 reserves (*)				1		1		1
Cash flow hedge reserves (*)			13			13		13
Other changes				83		83	248	331
Group and minorities result of the year					344	344	10	354
Net equity at December 31, 2018	**1,629**	**(54)**	**(7)**	**1,223**	**344**	**3,135**	**388**	**3,523**
2018 result allocation				344	(344)			
Distribution of dividends				(218)		(218)	(14)	(232)
IAS 19 reserves (*)				(5)		(5)		(5)
Cash flow hedge reserves (*)			(23)			(23)		(23)
Other changes				11		11	(16)	(5)
Group and minorities result of the year					389	389	4	393
Net equity at December 31, 2019	**1,629**	**(54)**	**(30)**	**1,355**	**389**	**3,289**	**362**	**3,651**

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

A2A S.p.A. **BALANCE SHEET** *(amounts in euro)*	**12.31.2019**	**12.31.2018**
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	1,002,606,538	1,038,947,161
Intangible assets	87,118,089	80,249,610
Shareholdings	3,795,629,441	3,702,584,390
Other non-current financial assets	1,148,551,632	609,165,937
Deferred tax assets	59,687,881	65,999,810
Other non-current assets	15,346,408	8,401,311
TOTAL NON-CURRENT ASSETS	**6,108,939,989**	**5,505,348,219**
CURRENT ASSETS		
Inventories	106,912,138	94,736,836
Trade receivables	655,905,922	717,191,968
Other current assets	476,999,925	260,381,762
Current financial assets	386,297,412	661,376,728
Current tax assets	50,082,993	35,542,548
Cash and cash equivalents	360,077,895	509,947,205
TOTAL CURRENT ASSETS	**2,036,276,285**	**2,279,177,047**
NON-CURRENT ASSETS HELD FOR SALE	**-**	**108,960,169**
TOTAL ASSETS	**8,145,216,274**	**7,893,485,435**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,629,110,744	1,629,110,744
(Treasury shares)	(53,660,996)	(53,660,996)
Reserves	817,577,852	687,046,600
Net result of the year	450,622,909	373,091,108
Total equity	**2,843,650,509**	**2,635,587,456**
LIABILITIES		
NON-CURRENT LIABILITIES		
Non-current financial liabilities	3,169,166,330	2,841,406,962
Employee benefits	140,247,448	142,277,393
Provisions for risks, charges and liabilities for landfills	110,362,650	180,304,233
Other non-current liabilities	11,563,404	18,622,107
Total non-current liabilities	**3,431,339,832**	**3,182,610,695**
CURRENT LIABILITIES		
Trade payables	772,766,564	776,005,156
Other current liabilities	507,605,803	250,475,901
Current financial liabilities	589,827,173	1,019,911,736
Tax liabilities	26,393	28,894,491
Total current liabilities	**1,870,225,933**	**2,075,287,284**
Total liabilities	**5,301,565,765**	**5,257,897,979**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**
TOTAL EQUITY AND LIABILITIES	**8,145,216,274**	**7,893,485,435**

A2A S.p.A. INCOME STATEMENT (amounts in euro)	01.01.2019 12.31.2019	01.01.2018 12.31.2018
Revenues		
Revenues from the sale of goods and services	4,383,571,770	3,742,583,396
Other operating income	105,544,657	83,044,739
Total Revenues	**4,489,116,427**	**3,825,628,135**
Operating expenses		
Expenses for raw materials and services	3,852,241,030	3,203,793,757
Other operating expenses	275,217,982	312,079,537
Total Operating expenses	**4,127,459,012**	**3,515,873,294**
Labour costs	**148,148,105**	**134,536,395**
Gross operating income - EBITDA	**213,509,310**	**175,218,446**
Depreciation, amortization, provisions and write-downs	**96,355,123**	**90,452,044**
Net operating income - EBIT	**117,154,187**	**84,766,402**
Result from non-recurring transactions	**-**	**5,723,742**
Financial balance		
Financial income	452,352,639	460,220,389
Financial expenses	99,365,164	184,096,679
Result from disposal of other shareholdings	-	-
Total financial balance	**352,987,475**	**276,123,710**
Result before taxes	**470,141,662**	**366,613,854**
Income taxes	**20,264,675**	**14,172,353**
Result after taxes from operating activities	**449,876,987**	**352,441,501**
Net result from discontinued operations	745,922	20,649,607
Net result of the year	**450,622,909**	**373,091,108**

STATEMENT OF COMPREHENSIVE INCOME (amounts in euro)	12.31.2019	12.31.2018
NET RESULT OF THE YEAR (A)	**450,622,909**	**373,091,108**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	(2,092,788)	(2,276,775)
Tax effect of other actuarial gains/(losses)	570,079	692,421
Total actuarial gains/(losses) net of the tax effect (B)	**(1,522,709)**	**(1,584,354)**
Effective part of gains/(losses) on cash flow hedge	(34,102,536)	19,453,212
Tax effect of other gains/(losses)	9,917,548	(4,737,540)
Total other gains/(losses) net of the tax effect (C)	**(24,184,988)**	**14,715,672**
Gains/(losses) from recalculation of availiable for sale	-	-
Tax effect of other gains/(losses)	-	-
Gains/(losses) from the restatement of financial assets available for sale (D)	**-**	**-**
Total comprehensive result (A)+(B)+(C)+(D)	**424,915,212**	**386,222,426**

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.

A2A S.p.A. CASH-FLOW STATEMENT (amounts in euro)		**12.31.2019**		**12.31.2018**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**509,947,205**		**611,941,606**
Operating activities				
Result of the year (**)		446,762,999		298,845,667
Tangible assets depreciation		76,047,018		72,868,919
Intangible assets amortization		14,032,393		10,420,174
Fixed assets write-downs		4,434,188		4,317,618
Shareholdings write-up/down		(96,500,000)		73,118,996
Net financial interests		76,855,499		86,063,433
Net financial interests paid		(73,255,566)		(90,002,400)
Net taxes paid/receivables for disposed taxes (a)	*(33,239,769)*		*(6,246,891)*	
Gross change in assets and liabilities (b)	*82,445,971*		*45,451,234*	
Total change of assets and liabilities (a+b) (*)		*49,206,202*		*39,204,343*
Cash flow from operating activities		**497,582,733**		**494,836,750**
Investment activities				
Investments in tangible assets		(23,659,060)		(22,021,758)
Investments in intangible assets and goodwill		(21,935,972)		(22,552,233)
Investments and realizations in shareholdings and securities (*)		590,000		(20,087,607)
Disposal of fixed assets and shareholdings		5,001,100		12,849,050
Cash flow from investment activities		**(40,003,932)**		**(51,812,548)**
FREE CASH FLOW		**457,578,801**		**443,024,202**
Financing activities				
Changes in financial assets				
Monetary changes:				
Change in intercompany currency accounts	*227,652,435*		*286,180,791*	
Issuance of loans	*(809,383,740)*		*(611,257,260)*	
Proceeds from loans	*319,272,575*		*10,538,593*	
Other monetary changes	*1,200,000*		-	
Total monetary changes	***(261,258,730)***		***(314,537,876)***	
Non-monetary changes:				
Other non-monetary changes	*(3,508,782)*		*(4,210,394)*	
Total non-monetary changes	***(3,508,782)***		***(4,210,394)***	
TOTAL CHANGES IN FINANCIAL ASSETS (*)		**(264,767,512)**		**(318,748,270)**
Changes in financial liabilities				
Monetary changes:				
Change in intercompany currency accounts	*21,369,164*		*3,215,599*	
Borrowings/bond issued	*440,000,000*		*30,000,000*	
Repayment of borrowings/bond	*(573,216,034)*		*(77,695,807)*	
Dividends paid	*(217,642,870)*		*(179,710,827)*	
Other monetary changes	*(4,315,465)*		*(2,651,742)*	
Total monetary changes	***(333,805,205)***		***(226,842,777)***	
Non-monetary changes:				
Amortized cost valuations	*(3,347,314)*		*3,237,235*	
Other non-monetary changes	*(5,528,080)*		*(2,664,791)*	
Total non-monetary changes	***(8,875,394)***		***572,444***	
TOTAL CHANGES IN FINANCIAL LIABILITIES (*)		**(342,680,599)**		**(226,270,333)**
Cash flow from financing activities		**(607,448,111)**		**(545,018,603)**
CHANGE IN CASH AND CASH EQUIVALENTS		**(149,869,310)**		**(101,994,401)**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**360,077,895**		**509,947,205**

(*) Cleared of balances in return of shareholders' equity and other balance sheet items.
(**) Net Result is exposed net of gains on shareholdings' and fixed assets' disposals.

A2A S.p.A.

Statement of changes in equity

(amounts in euro)

Description	Share capital	Treasury shares	Reserves	Cash flow hedge *Reserve*	Available for sale *Reserve*	Net result of the year	Total equity
Equity at December 31, 2017	**1,629,110,744**	**(53,660,996)**	**603,684,497**	**(17,086,626)**	**(462,146)**	**268,461,294**	**2,430,046,767**
IFRS9 - FTA			**(970,910)**				**(970,910)**
Equity at January 1, 2018	**1,629,110,744**	**(53,660,996)**	**602,713,587**	**(17,086,626)**	**(462,146)**	**268,461,294**	**2,429,075,857**
Allocation of 2017 net result			268,461,294			(268,461,294)	
Ordinary dividend distribution			(179,710,827)				(179,710,827)
Cash flow hedge reserves (*)				14,715,672			14,715,672
IAS 19 reserve "Employee Benefits" (*)			(1,584,354)				(1,584,354)
Other changes							
Net result of the year (*)						373,091,108	373,091,108
Equity at December 31, 2018	**1,629,110,744**	**(53,660,996)**	**689,879,700**	**(2,370,954)**	**(462,146)**	**373,091,108**	**2,635,587,456**
Allocation of 2018 net result			373,091,108			(373,091,108)	
Ordinary dividend distribution			(217,642,870)				(217,642,870)
Cash flow hedge reserves (*)				(24,184,988)			(24,184,988)
IAS 19 reserve "Employee Benefits" (*)			(1,522,709)				(1,522,709)
Other changes			790,711				790,711
Net result of the year (*)						450,622,909	450,622,909
Equity at December 31, 2019	**1,629,110,744**	**(53,660,996)**	**844,595,940**	**(26,555,942)**	**(462,146)**	**450,622,909**	**2,843,650,509**
Availability of Equity Reserves			**A-B-C**	**D**			
A: For share capital increase B: To cover losses C: For distribution to Shareholders - available for euro 548,541,145 (**) D: Reserves not avaliable							

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

(**) of which to fyscal moderate suspension equal to euro 124,783,022.