PRESS RELEASE – March 20, 2018

The Board of Directors of A2A S.p.A. has approved the 2017 results

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Net Profit shows strong growth (+26%) to 293 million euros (232 million euros in 2016 restated[1])

Gross Operating Margin of 1,211 million euros, substantially in line with the record 2016 results

Investments - net of EPCG - for 450 million euros, up 29%

One more year of strong cash generation: +226 million euros. The acquisitions and the deconsolidation of EPCG (316 million euros) bring the NFP to 3,226 million euros (NFP/EBITDA equal to 2.66x)

Sustainability indicators have improved - Non-financial Consolidated Statement approved pursuant to Legislative Decree 254/2016, which represents the tenth annual report on the sustainability performance of the A2A Group

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A dividend of 0.0578 euros per share, up 17.5% compared to the previous year, was proposed to the Shareholders' Meeting

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Milan, March 20, 2018 – At today's meeting the Board of Directors of A2A S.p.A., chaired by Mr. Giovanni Valotti, approved the drafts of the Separate financial statements and of the Consolidated annual financial report at December 31, 2017.
The Board of Directors of A2A S.p.A. also approved the tenth annual report on the Group's sustainability performance, which this year represents for the first time also the non-financial Consolidated Statement pursuant to Legislative Decree 254/2016, the Italian law that established the

[1] The restated values include the effects deriving from the Purchase Price Allocation concluded in the first half of 2017 following the acquisition of the LGH Group.

mandatory reporting of non-financial performance for large companies of public interest, implementing Directive 2014/95/EU.
The non-financial Consolidated Statement was prepared with reference to the Integrated Reporting Framework (IR Framework) drawn up by the International Integrated Reporting Council (IIRC).

A2A Group - Consolidated results at December 31, 2017

In addition to the traditional organic growth and the contribution of the companies acquired in 2016 for the full year (mainly LGH), the year 2017 saw the acquisition of 5 companies, of which 2 are active in the renewable energy sector (solar energy), with an installed capacity of about 35MW, and the remaining 3 respectively active in the water and gas networks, in the sale of electricity and gas and in IoT.
The following are the main indicators:

millions of euros	**Year 2017**	**Year 2016** ***restated***	**Δ**	**Δ%**
Revenues	**5,910**	**5,093**	+817	+16.0%
Gross Operating Margin	**1,211**	**1,231**	-20	-1.6%
Net Operating Result	**706**	**473**	+233	+49.3%
"Ordinary" Net Result	**413**	**377**	+36	9.5%
"Reported" Net Result	**293**	**232**	+61	+26.3%

In 2017, the **Revenues** of the A2A Group amounted to 5,910 million euros, up 817 million euros compared to the previous year (+16.0%). The contribution to the increase in revenues was for approximately 30% due to the consolidation of the LGH group (1 year in 2017 vs. 5 months in 2016), the companies acquired in the second half of 2016 and in 2017, as well as the companies whose consolidation method changed during the current year. Net of this contribution, the increase in revenues (+11%) is mainly attributable to greater revenues from the sale of electricity and gas on the wholesale markets and electricity sales on Ipex, following the higher volumes traded and the rising prices recorded in the current year compared to 2016.

Gross Operating Margin amounted to 1,211 million euros, a decrease of 20 million euros compared to 2016 (-1.6%), of which -57 million euros deriving from the deconsolidation of EPCG as of July 1, 2017.
Net of non-recurring items recorded in the two comparison periods (129 million in 2016, 64 million in 2017) and the EPCG result (69 million euros in 2016, 12 million euros in 2017), the Group highlights in 2017 an increase in Gross Operating Margin of 102 million euros compared to 2016 (+10%).

The **Net Operating Result**, equal to 706 million euros, up 233 million euros compared to the previous year (473 million euros in 2016 restated) has also benefited, in addition to the effects described above with reference to the Gross Operating Margin, from the effects deriving from lower write-off of assets and goodwill (206 million euros less).
Write-off for 2017, totalling 34 million euros, refer to the goodwill allocated to the electricity networks CGU.

Provisions for risks are 36 million euros lower than in 2016, mainly due to lower provisions for legal risks and for water derivation fees, partially offset by higher provisions for doubtful accounts.

The **Net Profit pertaining to the Group** of 2017 amounted to 293 million euros (232 million euros in 2016 restated).
The growth in the net profit of +61 million euros, in addition to the EBIT contribution, was determined by:

- the write-off of EPCG for a total of 86 million euros, following the exercise of the PUT Option. This write-off is due for 60 million euros to the adjustment of the value of the assets to the value of the PUT Option (250 million euros) and for 26 million euros to the discounting of the seven annual equivalent instalments that the A2A Group will collect from the Government of Montenegro;
- lower net financial expenses for 17 million euros.
- higher taxes for the year (approximately 72 million euros of taxes more than in 2016), mainly attributable to the higher pre-tax result and a balance of non-recurring items which, comparing the two financial years, affected 2017 negatively and 2016 positively;
- a lower result attributable to minority interests (approximately 17 million euros less than in 2016), mainly due to the deconsolidation of EPCG in the second half of 2017;
- lower capital gains recorded in 2017 compared to 2016 for 52 million euros. The capital gain of 2016 is related to the partial, non-proportional demerger of Edipower S.p.A. with effect as from January 1, 2016, in favour of Cellina Energy, a full subsidiary of Società Elettrica Altoatesina S.p.A.

Ordinary Net Profit. Net of the non-recurring items pertaining to the Group mentioned above, namely the write-off relating to goodwill and those relating to EPCG (total 120 million euros), the Ordinary Net Profit amounted to 413 million euros, a net increase (+10%) compared to the previous year (which in turn had been affected by negative non-recurring items totalling 145 million euros).

The cash flow generated in 2017 was positive and amounted to 226 million euros, after the payment of dividends for 153 million euros and Group investments of 454 million euros (inclusive of the contribution of EPCG for about 4 million euros). This cash generation partially offset the effects related to M&A transactions (equal to 110 million euros) and the deconsolidation of the active NFP of EPCG (206 million euros), thereby resulting in a **Net Financial Position** at the end of 2017 of 3,226 million euros (3,136 million euros at December 31, 2016).
The NFP/EBITDA went from 2.55x in 2016 to 2.66x in 2017.

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A2A Group - Results by Business Unit

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

Millions of euros	**12/31/2017**	**12/31/2016**	**Delta**	**Delta %**
Generation and Trading	356	404	-48	-11.9%
Commercial	159	144	15	10.4%
Environment	261	240	21	8.8%
Networks and Heat	448	397	51	12.8%
Foreign	12	69	-57	-82.6%
Other Services and Corporate	-25	-23	-2	8.7%
Total	**1,211**	**1,231**	**(20)**	**-1.6%**

Generation and Trading Business Unit

Revenues amounted to 3,262 million euros, an increase of 526 million euros over the previous year, mainly due to the higher sales of electricity and gas traded in the wholesale markets and the stock exchange and favourable trend of the energy scenario with an increase in prices.

The Gross Operating Margin of the Generation and Trading Business Unit amounted to 356 million euros, a decrease of 48 million euros compared to the previous year.
Net of the non-recurring items - down by around 49 million euros compared to 2016 - the Gross Operating Margin of the Generation and Trading Business Unit was substantially in line with the previous year (+1 million euros). The scenario of the year favoured the CCGT plants that recorded a substantial increase in production hours, both on the MGP and MSD markets to the detriment of hydroelectric production penalized by poor hydraulicity and the conclusion at the end of 2016 of the incentive mechanism (feed-in tariff) for some Valtellina plants.

In 2017, Investments amounted to around 64 million euros and mainly concerned the extraordinary maintenance interventions at the hydroelectric plants in Mese, Udine, Calabria and Valtellina for around 14 million euros and the combined cycle thermoelectric plants of Sermide, Chivasso, Gissi, Piacenza and Cassano for around 40 million euros.

Commercial Business Unit

Revenues amounted to 1,572 million euros (1,433 million euros at December 31, 2016), up 9.7%. Net of the greater contribution of the consolidated LGH Group since August 2016, equal to 142 million euros, there has been a substantial alignment with the revenues of the previous year.

In the Commercial Business Unit, the Gross Operating Margin amounted to 159 million euros, up 15 million euros – 18 million euros net of the non-recurring items – with respect to the previous year,

thanks to the contribution deriving from the margins of the electricity and gas sectors and the contribution of the consolidation of the LGH group.
The two sectors benefited above all from the acquisition of new customers on the free market and higher volumes sold on the free gas market. This trend was partly offset by a loss in margins related to the decrease in customers under protected regime and by the pressure on unit margins of the free market also determined, above all with reference to the B2B segment, by the significant unbalancing charges on the electricity market.

In 2017, the Investments of the Commercial Business Unit amounted to around 9 million euros and mainly concerned evolution maintenance on hardware and software platforms to support marketing and invoicing activities.

Environment Business Unit

In 2017, the Environment Business Unit recorded revenues of 980 million euros (852 million euros at December 31, 2016), an increase of 128 million euros compared to the previous year, mainly due to the consolidation of the LGH Group and other companies acquired in 2016.

The Gross Operating Margin of the Environment Business Unit amounted to 261 million euros, up 21 million euros compared to the previous year.
A contribution to the growth of the margins in the year in question came from the waste treatment and disposal sector, in particular:

- the results of the LGH Group and the new companies acquired, RI.ECO/RESMAL;
- the good performance of the disposal of urban waste and similar waste, mainly attributable to the positive dynamic of the contribution prices;
- the greater contributions at the inert lots landfill in Corteolona. The activities, due to environmental analyses of the water table, suspended in 2016, resumed after the decision by ARPA (Regional Agency for Environmental Protection) to exclude the landfill from the perimeter of the remediation area.

In the collection sector, the contribution of the LGH Group of approximately 6 million euros almost completely reabsorbed the reduction in margins recorded in the other territorial areas of reference.

Investments in the year amounted to 107 million euros and were mainly related to development and maintenance work on waste-to-energy plants (43 million euros), treatment plants and landfills (24 million euros), the purchase of collection vehicles and containers for both the awarding of tenders for the management of new Municipalities and for the renewal of the vehicle fleet (37 million euros).

Networks and Heat Business Unit

In 2017, revenues of the Networks and Heat Business Unit amounted to 1,117 million euros (954 million euros at December 31, 2016).
This trend is due for approximately 120 million euros to the consolidation of the LGH Group to the acquisition - from October 2016 - of the new company specialized in energy efficiency (Consul System) and to the full consolidation in 2017 of Servizi Valtrompia S.p.A.

The higher revenues from heat sales and those deriving from the cancellation of the obligation relating to white certificates also contributed positively.

The Gross Operating Margin of the Networks and Heat Business Unit amounted to 448 million euros, an increase of 51 million euros compared to the previous year.
Net of the non-recurring items (-9 million euros) that regarded both 2017 (34 million euros, of which 30 million euros from Energy Efficiency Certificates recognized for projects carried out in previous years) and the previous year (43 million euros, of which 51 million euros for the recognition of tariff increases to A2A Ciclo Idrico S.p.A. for the years 2007-2011), the Gross Operating Margin of the Networks and Heat Business Unit was up by 60 million euros compared to 2016.
This performance is mainly due to:

- higher margins relating to district heating and heat management activities for about 8 million euros attributable to the higher quantities of heat sold for both the commercial development and the low temperatures recorded on average in 2017 compared to the previous year as well as a more favourable scenario (heat prices related to the rising price of gas and the increase in the prices of electricity from co-generation);
- higher revenues for the optimization of the white certificates portfolio for 5 million euros;
- higher margins relating to the aqueduct, purification and sewage services for about 11 million euros following the tariff increases recognized by AEEGSI and the higher quantities distributed;
- decrease in fixed Business Unit costs of around 10 million euros thanks to operating efficiencies and higher capitalization;
- changes in the scope of consolidation, which had a positive impact on the margin for a total of +26 million euros (LGH, Consul System and ASVT);

Investments in the year amounted to 231 million euros and concerned the electricity distribution sector for 71 million euros, the gas sector for 79 million euros, the integrated water cycle for 30 million euros and the district heating and heat management sector for 49 million euros. Other projects were carried out to replace lighting systems with LED equipment in the Municipalities managed for a total of 2 million euros.

Foreign Business Unit (EPCG)

The Foreign Business Unit includes the results of the EPCG Group until the full consolidation of the shareholding (June 30, 2017).

Revenues stood at the balance at June 30, 2017, equal to 114 million euros (233 million euros at December 31, 2016).
The Gross Operating Margin, in line with that of the first half of 2017, amounted to 12 million euros (69 million euros at December 31, 2016), a decrease of 57 million euros, of which 23 million euros due to lower margins recorded in the first half-year and 34 million euros due to the lack of contribution in the second half of the current year.

Investments, amounting to approximately 4 million euros, refer to interventions to replace the meters, to maintain the distribution network and the production plants.

Following the decision of the management of A2A of July 3, 2017 to exercise the sale put option on the entire shareholding, the investment in EPCG, held 41.75% by A2A S.p.A., was reclassified as "non-current assets held for sale" in compliance with IFRS 5 standard.

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A2A Group – Balance Sheet and Financial Results

In the first half of 2017, the A2A Group completed the Purchase Price Allocation (PPA) following the acquisition of 51% of the LGH Group. As a result of the PPA process, the presented comparison figures at December 31, 2016 have been restated.

The "**Net fixed assets**" amounted to 5,780 million euros, down by 356 million euros compared to December 31, 2016.
The main changes are related to:

- change in the consolidation method of EPCG that led to a total reduction of 534 million euros;
- write-off of goodwill related to the electricity networks CGU for 34 million euros;
- ordinary depreciation for the year for 424 million euros;
- net decrease in deferred tax assets of 31 million euros;
- investments for a total of 454 million euros;
- increase in the industrial portfolio of white certificates of 54 million euros;
- contributions from acquisitions during the year and effects resulting from the Purchase Price Allocation processes for 107 million euros;
- decrease in provisions for risks and charges and in provisions for employee benefits, respectively of 28 million euros and 33 million euros;
- other negative changes amounting to 9 million euros.

"**Working capital**" amounted to 235 million euros, a decrease of 43 million euros compared to December 31, 2016.
The main changes are related to:

- change in the consolidation method of EPCG that led to a total decrease of 44 million euros;
- decrease of 109 million euros in trade receivables for improvement in the management of the customer portfolio;
- increase in net assets of 12 million euros relating to new acquisitions during the year;
- increase in assets for current taxes for 66 million euros;
- increase in advances paid to suppliers for fuel purchases for 15 million euros;
- other negative changes in current liabilities for 17 million euros.

"Assets held for sale" amounted to 224 million euros and refer to the shareholding in EPCG, held 41.75% by A2A S.p.A., which was reclassified as a discontinued operation in compliance with the provisions of IFRS 5, following the decision of July 3, 2017 of the A2A management to exercise the sale put option on the entire stake. The shareholding was written down and discounted for a total of 86 million euros in order to adjust the value to fair value.
The consolidated **"Capital employed"** at December 31, 2017 amounted to 6,239 million euros and was covered by Equity for 3,013 million euros and the Net Debt for 3,226 million euros.

“Equity” amounted to 3,013 million euros and shows a negative change for a total of 266 million euros.
The result of the year had a positive effect of 299 million euros offset by the consolidation at equity of EPCG for 420 million euros, the dividend distribution for 154 million euros and valuations pursuant to IAS 32 and 39 for cash flow hedge derivatives negative for 17 million euros and valuations pursuant to IAS 19 positive for 12 million euros. Furthermore, a positive change of 14 million euros mainly due to the consolidation of new acquisitions.

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

The comparison between the years 2017 and 2016 of the Parent Company A2A S.p.A. is made non-homogeneous by the various corporate restructuring operations that affected both the year 2016 (for details see the Press Release of April 3, 2017) and the year 2017.
In particular, the following operations were carried out in 2017:

- transfer of the business unit relating to “Public Lighting Activities in the Municipalities of Bergamo, Brescia, Milan, Cassano, Pieve Emanuele and San Giuliano Milanese” in favour of the subsidiary A2A Illuminazione Pubblica Srl with effect from January 1, 2017;
- acquisition of business units relating to “Administration and Finance”, “Purchases (excluding the organizational structure of Gestione Magazzini)” and “Communication and External Relations” from the subsidiary Amsa S.p.A. with effect from January 1, 2017;
- sale of a business unit relating to “Security Control Room and Inspection Service” to the subsidiary A2A Security S.c.p.a. with effect from October 27, 2017.

In 2017 A2A S.p.A. shows **Revenues** for a total of 3,089 million euros (2,761 million euros in the previous year). Sales revenues (2,885 million euros) mainly refer to electricity sales to wholesalers, institutional operators, even 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 (152 million euros) mainly refer to administrative, fiscal, legal, managerial and technical services to subsidiaries. Other revenues (52 million euros) include, starting from January 1, 2016, incentives on net production from renewable sources.
Operating costs amounted to 2,788 million euros (2,326 million euros at December 31, 2016) and refer to costs for raw materials (2,298 million euros) related primarily to purchases of energy and fuels, both for electricity production and for resale, purchases of materials and environmental certificates; service costs (188 million euros), 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 (302 million euros), 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 128 million euros (152 million euros at December 31, 2016).

Due to the dynamics mentioned above the **Gross Operating Margin** amounted to 174 million euros (283 million euros at December 31, 2016). The decrease is mainly due to the changes in the corporate scope outlined above, to the lower incidence of non-recurring positive income items in 2017, as well as to the conclusion at the end of 2016 of the incentive mechanism (feed-in tariff) for some Valtellina plants.

The **Amortisation and depreciation, provisions and write-downs** of the year amounted to 88 million euros (361 million euros at December 31, 2016) and include amortisation, depreciation and write-downs of the intangible and tangible assets for 81 million euros (333 million euros at December 31, 2016) and provisions for 6 million euros (28 million euros at December 31, 2016) mainly related to risks on receivables. In 2016, the item included 203 million euros relating essentially to the write-off of the thermoelectric plant of Monfalcone as a result of the findings of the appraisal carried out by an independent external expert as part of the transfer to the subsidiary A2A Energiefuture S.p.A.

The **Net Operating Result** is positive for 86 million euros (negative for 78 million euros at December 31, 2016).

The **Result from non-recurring transactions** amounted to 0.1 million euros and reflects the income deriving from the sale of the business segment relating to “Security Control Room and Inspection Service” to the subsidiary A2A Security S.c.p.a. At December 31, 2016, this item had a balance of 48 million euros and included the income deriving from the demerger of the “Cellina Unit” (formerly Edipower S.p.A.) in favour of Cellina Energy S.r.l.

Financial balance reported a positive balance of 239 million euros (positive for 258 million euros at December 31, 2016). This item includes dividends from investee companies of 346 million euros (449 million euros at December 31, 2016), the write-off of investments for a total of 2 million euros (in 2016, write-off of investments amounted to 60 million euros), as well as net financial expenses of 105 million euros (131 million euros at December 31, 2016).

The **Result before Taxes** was positive for 325 million euros (positive for 229 million euros at December 31, 2016).

Income taxes were positive for 2 million euros (positive for 45 million euros at December 31, 2016). The tax is mainly due to the recognition of: i) positive current taxes by way of remuneration for the transfer of interest expenses to the consolidated taxes, ii) decrease in deferred tax liabilities as a result of the reversal of temporary differences from previous years, partially offset by decrease in deferred tax assets also due, primarily, to the reversal of temporary differences from previous years and, second, the specific reversal of part of the IRAP deferred tax assets to adapt them to future taxable income of the plan.

The **Net result from discontinued operations** was negative and equal to 55 million euros and refers to the write-off of the shareholding in EPCG.

Investments for the year amounted to 50 million euros and in particular concerned work on hydroelectric plants, improvements to third party assets, investments on the Group’s IT systems, as well as investments in shareholdings mainly to acquire an additional stake in Azienda Servizi Valtrompia S.p.A.

Financial position and assets of the Parent Company A2A S.p.A.

The **Net Financial Position** of 2,359 million euros improved by 368 million euros compared to December 31, 2016 and includes the positive effect of extraordinary transactions for a total of 3 million euros. Operations during the year generated resources of 613 million euros, partly offset by the resources absorbed by net investments in tangible and intangible assets and shareholdings of 49 million euros and dividends paid to shareholders of 153 million euros.

Dividends distribution proposal

The Board of Directors resolved to submit a proposal to the ordinary Shareholders' Meeting to approve an ordinary dividend of 0.0578 euros per ordinary share outstanding (corresponding to total dividends of approximately 180 million euros), up 17.5% compared to the previous year.

The dividend will be paid from May 23, 2018 (ex-dividend date May 21, 2018 – record date May 22, 2018).

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Improvement in Sustainability indicators

In 2017, A2A generated and distributed to stakeholders gross global added value of 1,655 million euros (+4% compared to 2016). The Group has distributed wealth also through 1,003 million euros (+20%) spent on supplies, 95% of which for the benefit of Italian companies. 78 million euros were investments in activities with environmental implications. In 2017, there were 906 new hires, out of a total of 11,416 employees (+17%). Training increased (19 hours per capita) and the frequency and severity indexes of injuries improved (-11%). CO_2 emissions avoided up by 6% (2.5 million tonnes), thanks to renewable sources, cogeneration and energy recovery from waste. The volume served by the district heating network increased by 13%. Separate waste collection reached 63.2% on average (vs. 56.2% in 2016) and 99% of urban waste collected was sent for material recovery (67.5%) or energy (31.5%).
A2A Energia confirms its excellence in customer satisfaction, remaining in the top three places in all market segments, in the Monitor Energia Cerved survey. Educational activities involved over 34 thousand (+19%) students and teachers. The program of listening on the territories continued with two multi-stakeholder forums in Milan and Udine, while 11 projects were created starting from the ideas emerged from the forums held in 2015 and 2016, including the Energy Bank that in 2017 promoted, in collaboration with Fondazione Cariplo, a Call for proposals to allocate 2 million euros to 15 selected initiatives aimed at supporting situations of economic and social vulnerability throughout Lombardy.

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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 compliance with the recommendations of the Guidelines published in October 2015 by the ESMA, below is the meaning, contents and basis for calculation of said indicators:

- ***Gross operating margin (EBITDA)*** *is an alternative measure of operating performance, calculated as the sum of the "Net operating result" plus "Amortisation, depreciation, write-off and provisions".*
- *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-off of assets, goodwill and equity investments, as well as impairment reversals (net of the relative tax effects).*
- *The* ***Net debt*** *is an indicator of the Company's financial structure. This indicator corresponds to the financial debts net of liquidity and equivalents and current and non-current financial assets (financial credits and securities other than equity investments).*
- ***Investments*** *are an alternative performance measure used by the A2A Group as a financial target under the scope of performance both within the Group (Business Plan) and externally (presentations to financial analysts and investors); it constitutes a useful measurement of the resources used in maintaining and developing investments of the A2A Group.*

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The Executive responsible for drawing up A2A S.p.A. company accounting documents, Andrea Crenna, declares – in accordance with article 154-bis, subsection 2 of the Financial Act (TUF) (Legislative Decree 58/1998) – that the accounting information contained in this document corresponds to the documentary evidence, books and accounting records.

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The following are attached: the accounting tables of the A2A Group, extracted from the Consolidated annual financial Report at December 31, 2017 and from the Separate Financial Statements at December 31, 2017.

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

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CONSOLIDATED BALANCE SHEET (millions of euro)	12.31.2017	12.31.2016 *Restated*
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	4,606	5,129
Intangible assets	1,863	1,704
Shareholdings carried according to equity method	63	67
Other non-current financial assets	44	69
Deferred tax assets	301	341
Other non-current assets	8	12
TOTAL NON-CURRENT ASSETS	**6,885**	**7,322**
CURRENT ASSETS		
Inventories	147	159
Trade receivables	1,671	1,821
Other current assets	216	389
Current financial assets	8	218
Current tax assets	107	70
Cash and cash equivalents	691	402
TOTAL CURRENT ASSETS	**2,840**	**3,059**
NON-CURRENT ASSETS HELD FOR SALE	**224**	**6**
TOTAL ASSETS	**9,949**	**10,387**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,629	1,629
(Treasury shares)	(54)	(54)
Reserves	1,010	919
Result of the year	293	232
Equity pertaining to the Group	**2,878**	**2,726**
Minority interests	135	553
Total equity	**3,013**	**3,279**
LIABILITIES		
NON-CURRENT LIABILITIES		
Non-current financial liabilities	3,501	3,436
Employee benefits	319	365
Provisions for risks, charges and liabilities for landfills	625	671
Other non-current liabilities	148	109
Total non-current liabilities	**4,593**	**4,581**
CURRENT LIABILITIES		
Trade payables	1,381	1,384
Other current liabilities	521	744
Current financial liabilities	437	359
Tax liabilities	4	33
Total current liabilities	**2,343**	**2,520**
Total liabilities	**6,936**	**7,101**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**7**
TOTAL EQUITY AND LIABILITIES	**9,949**	**10,387**

CONSOLIDATED INCOME STATEMENT (millions of euro)	01.01.2017 12.31.2017	01.01.2016 12.31.2016 *Restated*
Revenues		
Revenues from the sale of goods and services	5,590	4,581
Other operating income	206	279
Total Revenues	**5,796**	**4,860**
Operating expenses		
Expenses for raw materials and services	3,681	2,859
Other operating expenses	281	243
Total Operating expenses	**3,962**	**3,102**
Labour costs	**635**	**596**
Gross operating income - EBITDA	**1,199**	**1,162**
Depreciation, amortization, provisions and write-downs	**489**	**719**
Net operating income - EBIT	**710**	**443**
Result from non-recurring transactions	**-**	**52**
Financial balance		
Financial income	19	34
Financial expenses	158	192
Affiliates	5	(3)
Result from disposal of other shareholdings (AFS)	-	-
Total financial balance	**(134)**	**(161)**
Result before taxes	**576**	**334**
Income taxes	**192**	**122**
Result after taxes from operating activities	**384**	**212**
Net result from discontinued operations	(85)	19
Net result	**299**	**231**
Minorities	**(6)**	**1**
Group result of the year	**293**	**232**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	12.31.2017	12.31.2016 *Restated*
Net result of the year (A)	**299**	**231**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	19	(27)
Tax effect of other actuarial gains/(losses)	(7)	9
Total actuarial gains/(losses) net of the tax effect (B)	**12**	**(18)**
Effective part of gains/(losses) on cash flow hedge	(26)	31
Tax effect of other gains/(losses)	8	(8)
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	**(18)**	**23**
Other gains/(losses) of companies valued at equity net of the tax effect (D)	-	-
Total comprehensive result (A)+(B)+(C)+(D)	**293**	**236**
Total comprehensive result attributable to:		
Shareholders of the parent company	**299**	**235**
Minority interests	**(6)**	**1**

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.

Please see page 16 for the reconciliation table between Consolidated Income Statement IFRS5 and *Reported* figures

CONSOLIDATED CASH-FLOW STATEMENT (millions of euro)		12.31.2017		12.31.2016 *Restated*
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**402**		**636**
Change in EPCG consolidation method		(55)		-
Edipower demerger in favour of Cellina Energy		-		(38)
Contribution of first consolidation of acquisitions of 2017		7		-
Contribution of first consolidation of LGH and other acquisitions of 2016		-		86
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**354**		**684**
Operating activities				
Net Result (**)		297		196
Tangible assets depreciation		338		374
Intangible assets amortization		72		55
Fixed assets write-downs/disposals		43		252
Result from affiliates		(5)		3
Held for sale activities write off		86		-
Net financial interests		139		158
Net financial interests paid		(115)		(133)
Net taxes paid (a)	*(192)*		*(168)*	
Gross change in assets and liabilities (b)	*203*		*90*	
Total change of assets and liabilities (a+b) (*)		11		(78)
Cash flow from operating activities		**866**		**827**
Investment activities				
Investments in tangible assets		(306)		(259)
Investments in intangible assets and goodwill		(148)		(127)
Investments in shareholdings and securities (*)		(23)		(123)
Disposal of fixed assets and shareholdings		-		6
Dividends received		2		1
Cash flow from investment activities		**(475)**		**(502)**
FREE CASH FLOW		**391**		**325**
Financing activities				
Changes in financial assets				
Monetary changes:				
Issuance of loans	*-*		*(12)*	
Proceeds from loans	*7*		*14*	
Other monetary changes	*(10)*		*37*	
Total monetary changes	***(3)***		***39***	
Non-monetary changes:				
Other non-monetary changes	*5*		*14*	
Total non-monetary changes	***5***		***14***	
TOTAL CHANGES IN FINANCIAL ASSETS (*)		**2**		**53**
Changes in financial liabilities				
Monetary changes:				
Borrowings/bonds issued	*743*		*780*	
Repayment of borrowings/bond	*(613)*		*(1,247)*	
Lease payments	*(2)*		*(2)*	
Dividends paid by the parent company	*(153)*		*(126)*	
Dividends paid by the subsidiaries	*(2)*		*(5)*	
Other monetary changes	*(3)*		*(5)*	
Total monetary changes	***(30)***		***(605)***	
Non-monetary changes:				
Amortized cost valuations	-		-	
Other non-monetary changes	*(26)*		*(55)*	
Total non-monetary changes	***(26)***		***(55)***	
TOTAL CHANGES IN FINANCIAL LIABILITIES (*)		**(56)**		**(660)**
Cash flow from financing activities		**(54)**		**(607)**
CHANGE IN CASH AND CASH EQUIVALENTS		**337**		**(282)**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**691**		**402**

(*) Cleared of balances in return of shareholders' equity and other balance sheet tems.
(**) Net Result is exposed net of gains on shareholdings', fixed assets' disposals and from discontinued operations
(equal to 52 millions of euro - included in the item "Result from non-recurring transactions" of 2016 Consolidated Income statement).

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, 2015	**1,629**	**(61)**	**(25)**	**1,030**	**73**	**2,646**	**613**	**3,259**
2015 result allocation				73	(73)			
Distribution of dividends				(126)		(126)	**(5)**	(131)
Operations on own shares		7				7		7
IAS 19 reserves (*)				(18)		(18)		(18)
IAS 32 and 39 reserves (*)			23			23		23
Other changes				(38)		(38)	**(54)**	(92)
Group and minorities result of the year					232	232	**(1)**	231
Net equity at December 31, 2016 *Restated*	**1,629**	**(54)**	**(2)**	**921**	**232**	**2,726**	**553**	**3,279**
2016 result allocation				232	(232)			
Distribution of dividends				(153)		(153)	**(1)**	(154)
IAS 19 reserves (*)				12		12		12
IAS 32 and 39 reserves (*)			(18)			(18)	**1**	(17)
EPCG equity method							**(420)**	(420)
Other changes				18		18	**(4)**	14
Group and minorities result of the year					293	293	**6**	299
Net equity at December 31, 2017	**1,629**	**(54)**	**(20)**	**1,030**	**293**	**2,878**	**135**	**3,013**

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

Reconciliation table between Consolidated Income Statement IFRS5 and *Reported* figures (millions of euro)	01.01.2017 31.12.2017 *	Operating result from discontinued operations	01.01.2017 31.12.2017 *Reported*	01.01.2016 31.12.2016 *Restated**	Operating result from discontinued operations	01.01.2016 31.12.2016 *Restated Reported*
Revenues						
Revenues from the sale of goods and services	5,590	114	5,704	4,581	232	4,813
Other operating income	206		206	279	1	280
Total Revenues	**5,796**	**114**	**5,910**	**4,860**	**233**	**5,093**
Operating expenses						
Expenses for raw materials and services	3,681	76	3,757	2,859	109	2,968
Other operating expenses	281	5	286	243	10	253
Total Operating expenses	**3,962**	**81**	**4,043**	**3,102**	**119**	**3,221**
Labour costs	**635**	**21**	**656**	**596**	**45**	**641**
Gross operating income - EBITDA	**1,199**	**12**	**1,211**	**1,162**	**69**	**1,231**
Depreciation, amortization, provisions and write-downs	**489**	**16**	**505**	**719**	**39**	**758**
Net operating income - EBIT	**710**	**(4)**	**706**	**443**	**30**	**473**
Result from non-recurring transactions	**-**	**1**	**1**	**52**	**4**	**56**
Financial balance						
Financial income	19	3	22	34	6	40
Financial expenses	158	87	245	192	2	194
Affiliates	5		5	(3)		(3)
Result from disposal of other shareholdings (AFS)	-		-	-		-
Total financial balance	**(134)**	**(84)**	**(218)**	**(161)**	**4**	**(157)**
Result before taxes	**576**	**(87)**	**489**	**334**	**38**	**372**
Income taxes	**192**		**192**	**122**	**(2)**	**120**
Result after taxes from operating activities	**384**	**(87)**	**297**	**212**	**40**	**252**
Net result from discontinued operations	(85)		1	19		2
Net result	**299**	**(87)**	**298**	**231**	**40**	**254**
Minorities	**(6)**	**1**	**(5)**	**1**	**(23)**	**(22)**
Group result of the year	**293**	**(86)**	**293**	**232**	**17**	**232**

* According to IFRS5

A2A S.p.A. **BALANCE SHEET** *(amounts in euro)*	**12.31.2017**	**12.31.2016** ***Restated****
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	1,118,635,048	1,193,119,976
Intangible assets	95,200,291	115,786,296
Shareholdings	3,653,742,408	3,898,166,008
Other non-current financial assets	75,696,307	406,463,302
Deferred tax assets	61,172,835	73,426,087
Other non-current assets	604,072	4,453,710
TOTAL NON-CURRENT ASSETS	**5,005,050,961**	**5,691,415,379**
CURRENT ASSETS		
Inventories	78,566,348	71,635,325
Trade receivables	551,660,011	650,195,136
Other current assets	164,991,718	370,735,926
Current financial assets	878,625,624	382,645,017
Current tax assets	87,134,265	51,359,537
Cash and cash equivalents	611,941,606	278,207,406
TOTAL CURRENT ASSETS	**2,372,919,572**	**1,804,778,347**
NON-CURRENT ASSETS HELD FOR SALE	**224,186,503**	**-**
TOTAL ASSETS	**7,602,157,036**	**7,496,193,726**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,629,110,744	1,629,110,744
(Treasury shares)	(53,660,996)	(53,660,996)
Reserves	586,135,725	466,984,916
Net result of the year	268,461,294	274,049,714
Total equity	**2,430,046,767**	**2,316,484,378**
LIABILITIES		
NON-CURRENT LIABILITIES		
Non-current financial liabilities	3,392,948,136	2,922,181,214
Employee benefits	143,512,115	164,559,678
Provisions for risks, charges and liabilities for landfills	164,897,725	179,628,845
Other non-current liabilities	28,945,973	28,861,924
Total non-current liabilities	**3,730,303,949**	**3,295,231,661**
CURRENT LIABILITIES		
Trade payables	689,579,544	667,474,444
Other current liabilities	242,079,728	333,766,188
Current financial liabilities	510,147,048	857,449,886
Tax liabilities	-	25,787,169
Total current liabilities	**1,441,806,320**	**1,884,477,687**
Total liabilities	**5,172,110,269**	**5,179,709,348**
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**-**	**-**
TOTAL EQUITY AND LIABILITIES	**7,602,157,036**	**7,496,193,726**

* Figures as at December 31,2016 reflect the conclusion of Group LGH *Purchase Price Allocation* on the shareholding acquired by A2A S.p.A..

A2A S.p.A. INCOME STATEMENT (amounts in euro)	01.01.2017 12.31.2017	01.01.2016 12.31.2016
Revenues		
Revenues from the sale of goods and services	3,037,519,957	2,554,203,010
Other operating income	51,791,339	206,691,561
Total Revenues	**3,089,311,296**	**2,760,894,571**
Operating expenses		
Expenses for raw materials and services	2,486,302,113	2,083,797,799
Other operating expenses	301,574,408	242,403,978
Total Operating expenses	**2,787,876,521**	**2,326,201,777**
Labour costs	**127,819,310**	**151,699,176**
Gross operating income - EBITDA	**173,615,465**	**282,993,618**
Depreciation, amortization, provisions and write-downs	**87,733,466**	**360,854,186**
Net operating income - EBIT	**85,881,999**	**(77,860,568)**
Result from non-recurring transactions	**156,721**	**48,336,439**
Financial balance		
Financial income	361,022,925	491,423,599
Financial expenses	121,591,560	233,065,225
Result from disposal of other shareholdings (AFS)	-	-
Total financial balance	**239,431,365**	**258,358,374**
Result before taxes	**325,470,085**	**228,834,245**
Income taxes	**2,177,578**	**(45,215,469)**
Result after taxes from operating activities	**323,292,507**	**274,049,714**
Net result from discontinued operations	(54,831,213)	-
Net result of the year	**268,461,294**	**274,049,714**

STATEMENT OF COMPREHENSIVE INCOME (amounts in euro)	12.31.2017	12.31.2016
NET RESULT OF THE YEAR (A)	**268,461,294**	**274,049,714**
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	17,889,911	(36,144,144)
Tax effect of other actuarial gains/(losses)	(5,332,920)	11,214,346
Total actuarial gains/(losses) net of the tax effect (B)	**12,556,991**	**(24,929,798)**
Effective part of gains/(losses) on cash flow hedge	(19,968,842)	24,378,320
Tax effect of other gains/(losses)	5,484,777	(6,302,733)
Total other gains/(losses) net of the tax effect (C)	**(14,484,065)**	**18,075,587**
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)	**266,534,220**	**267,195,503**

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)	12.31.2017		12.31.2016 *Restated*	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**278,207,406**		**587,049,592**
Contribution from non recurring transactions				**28,102,900**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**278,207,406**		**615,152,492**
<u>Operating activities</u>				
Result of the year (**)		268,044,777		219,713,275
Tangible assets depreciation		72,961,284		121,488,437
Intangible assets amortization		8,299,165		8,429,260
Fixed assets write-downs		423,449		205,394,156
Shareholdings write-downs		1,458,940		60,130,442
Net financial interests		106,326,911		190,769,030
Net financial interests paid		(74,043,539)		(104,618,280)
Net taxes paid/receivables for disposed taxes (a)	*23,433,395*		*7,958,109*	
Gross change in assets and liabilities (b)	*206,172,308*		*(249,871,300)*	
Total change of assets and liabilities (a+b) (*)		*229,605,703*		*(241,913,191)*
Cash flow from operating activities		**613,076,690**		**459,393,129**
<u>Investment activities</u>				
Investments in tangible assets		(24,753,413)		(27,568,056)
Investments in intangible assets and goodwill		(17,617,453)		(10,650,456)
Investments in shareholdings and securities (*)		(7,563,057)		(89,067,015)
Disposal of fixed assets and shareholdings		660,869		6,010,000
Cash flow from investment activities		**(49,273,054)**		**(121,275,527)**
FREE CASH FLOW		**563,803,636**		**338,117,602**
<u>Financing activities</u>				
Changes in financial assets				
Monetary changes:				
Change in intercompany currency accounts	*(482,471,142)*		*33,841,353*	
Issuance of loans	*(86,845,341)*		*(400,000)*	
Proceeds from loans	*403,389,260*		*240,632*	
Other monetary changes	*200,000*		*(1,400,000)*	
Total monetary changes	***(165,727,223)***		***32,281,985***	
Non-monetary changes:				
Other non-monetary changes	*3,144,944*		*17,417,043*	
Total non-monetary changes	***3,144,944***		***17,417,043***	
TOTAL CHANGES IN FINANCIAL ASSETS (*)		**(162,582,279)**		**49,699,028**
Changes in financial liabilities				
Monetary changes:				
Change in intercompany currency accounts	*(154,781,888)*		*(80,094,802)*	
Borrowings/bond issued	*742,000,000*		*777,500,000*	
Repayment of borrowings/bond	*(476,886,822)*		*(1,184,755,414)*	
Dividends paid	*(152,971,846)*		*(125,910,494)*	
Other monetary changes	*2,649,117*		*(7,811,055)*	
Total monetary changes	***(39,991,439)***		***(621,071,765)***	
Non-monetary changes:				
Amortized cost valuations	*(1,826,939)*		*6,186,498*	
Other non-monetary changes	*(25,668,779)*		*(109,876,449)*	
Total non-monetary changes	***(27,495,718)***		***(103,689,951)***	
TOTAL CHANGES IN FINANCIAL LIABILITIES (*)		**(67,487,157)**		**(724,761,716)**
Cash flow from financing activities		**(230,069,436)**		**(675,062,688)**
CHANGE IN CASH AND CASH EQUIVALENTS		**333,734,200**		**(336,945,086)**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**611,941,606**		**278,207,406**

(*) 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, 2015	**1,629,110,744**	**(60,891,196)**	**687,999,515**	**(20,678,149)**	**(462,146)**	**(73,487,107)**	**2,161,591,661**
Allocation of 2015 net result			(73,487,107)			73,487,107	
Ordinary dividend distribution			(125,910,494)				(125,910,494)
Contribution from non-recurring transactions			(4,770,421)	(3,981,983)		48,336,439	39,584,035
Operations on own shares		7,230,200	2,833,104				10,063,304
IAS 32 and 39 reserves (*)				22,057,570			22,057,570
IAS 19 reserve "Employee Benefits" (*)			(16,614,973)				(16,614,973)
Net result of the year (*)						225,713,275	225,713,275
Equity at December 31, 2016	**1,629,110,744**	**(53,660,996)**	**470,049,624**	**(2,602,562)**	**(462,146)**	**274,049,714**	**2,316,484,378**
Allocation of 2016 net result			274,049,714			(274,049,714)	
Ordinary dividend distribution			(152,971,846)				(152,971,846)
Contribution from non-recurring transactions						156,721	156,721
IAS 32 and 39 reserves (*)				(14,484,064)			(14,484,064)
IAS 19 reserve "Employee Benefits" (*)			12,556,991				12,556,991
Other changes			14				14
Net result of the year (*)						268,304,573	268,304,573
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**
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 326,806,629 (**) 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.