PRESS RELEASE – 27 February 2017

The Board of Directors of A2A has approved the results of the impairment process and presents the preliminary data as at 31 December 2016.

***

Gross Operating Margin of over 1.22 billion euros, up by 16%

Pre-Tax Profit – net of impairment losses – of 350 million euros (274 million euros)

Net impairment losses of assets, goodwill and investments worth a total of 261 million euros

Investments of approximately 420 million euros, up by 22%

Operating free cash flow of 230 million euros

Net Financial Position, including the effects deriving from the acquisition and first consolidation of LGH, of around 3.14 billion euros (2.90 billion euros as at 31 December 2015). NFP/EBITDA down to 2.6x

***

Milan, 27 February 2017 – Today's meeting of the Board of Directors of A2A S.p.A., chaired by Mr Giovanni Valotti, approved the results of the impairment process, drafted in accordance with IAS 36 and carried out, as is customary, with the assistance of a recognised independent third-party auditing firm. The process led to an impairment loss (gross of the tax effects) of assets, goodwill and investments for 110 million euros as well as the value readjustment (gross of the tax effects) of assets for 51 million euros.
The Board also examined the preliminary consolidated results for FY 2016, which include the effects of the consolidation for five months of the new group acquired, LGH.
The main results are set out below:

Gross Operating Margin (EBITDA) of over 1.22 billion euros, up by more than 16% on the previous year (1.05 billion euros in 2015). Net of the non-recurring income of over 100 million euros and the effects deriving from the first consolidation, for five months, of LGH (around 32 million euros) the ordinary growth was above 4.5%. All the Business Units (hereinafter "BUs"), with the sole exception of the Networks BU which was penalized by the tariff review in the new regulatory period, reported results that were up on the previous year and higher than the forecasts in the 2016-2019 Plan.

Pre-tax profit amounted to around 350 million euros (76 million euros in 2015), net of net impairment losses of assets, goodwill, investments and value readjustments for 261 million euros. The impairment losses, overall amounting to 312 million euros, refer to the Monfalcone plant (202 million euros following the transfer, at fair value, of the branch to A2A Energiefuture S.p.A., already announced on 29 December 2016) and the result of the impairment test as approved by today's BoD meeting. Impairment testing resulted in the writing down, for 68 million euros, of certain “CCGT” plants, for 37 million euros of some goodwill and for 5 million euros of investments. The impairment reversal of 51 million euros refers exclusively to the San Filippo del Mela plant (220kv) following the recent admission to the asymmetric regime for the reintegration of costs for the five years 2017-2021.

The **investments**, up by 22% for a total of approximately 420 million euros, exclude the amount paid to acquire a 51% stake in LGH SpA. Greater increases were achieved in the Environment BU (+70%) and the Networks and Heat BU (+25%).

The **Net Financial Position** of around 3.14 billion euros was up by around 240 million euros compared to 31 December 2015 as a result of the effects of the acquisition and first consolidation of LGH (for a total of 469 million euros) and the positive cash flow generation for around 230 million euros. The NFP/EBITDA improved from 2.8x to 2.6x.

“We have obtained a very important result which confirms the continuous improvement of the corporate businesses, operational efficiency, investment capacity and cash flow generation,” **commented the Chief Executive Officer Valerio Camerano**, *“an effective mix of focusing on business, innovation and the evolution of the corporate management culture which supports the growth of the results and strategic reinforcement.”*

"Faced with unfavourable market scenarios and within an ever more competitive context, the 2016 results show A2A’s capacity to innovate in continuity,” ***stated Giovanni Valotti, Chairman of the Group****. "This confirms the validity of a significant strategic change made to the company as well as acknowledging the high quality assured by management and all A2A employees in managing operations".*

The draft consolidated financial statements of the A2A Group will be examined, as per the financial calendar already given out, during the meeting of the Board of Directors scheduled for 3 April 2017.

The preliminary figures given above do not include the tax effects currently being assessed and are still subject to auditing by the auditing firm.

***

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 income (EBITDA)*** *is an alternative measure of operating performance, calculated as the sum of the "Net operating income" plus "Amortisation, depreciation, write-downs and provisions".*
- *The* **net financial position** *is an indicator of financial structure, calculated as the sum of the net financial position beyond the following year and the net financial position within the following year.*

More specifically, the total net financial position beyond the following year is obtained by the algebraic sum of:

- *Total medium- and long-term debt: the item includes the non-current portion of bonds, bank loans and financial leases;*
- *Total medium- and long-term financial credits: the item includes non-current financial assets (including those with related parties);*
- *Other non-current assets and liabilities*

The net financial position within the following year is obtained by the algebraic sum of:

- *Total short-term debt: the item includes the portion due within twelve months of bonds, bank loans, financial leases and current financial liabilities due to related parties;*
- *Total short-term financial credits: this item includes other current financial assets (including those due from related parties);*
- *Other current assets and liabilities*
- *Liquidity and equivalents included in assets held for sale.*

- ***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 company accounting documents, Andrea Eligio 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.

***

For further information:

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