

PRESS RELEASE – July 31, 2018

The Board of Directors of A2A S.p.A. examined and approved the half year financial report at June 30, 2018

Net profit, equal to 267 million euros, shows a significant growth (+70% compared to the first half of 2017¹). Ordinary net profit– excluding EPCG effects – is up 2%

Gross operating margin amounts to 657 million euros (+3% compared to the first half of 2017¹). Significant Gross operating margin before non-recurring items organic growth (+7%).

Capex totals 187 million euros, up 21% compared to the first half of 2017

Net financial position amounts to 3,030 million euros improving by 196 million euros with respect to December 31, 2017

Milan, July 31, 2018 –The Board of Directors of A2A S.p.A., met today under the chairmanship of Giovanni Valotti, examined and approved the half year report at June 30, 2018.

The first half of the year ended with sound results, in line with expectations. EBITDA of 657 million euros (+3.1%) benefited from the 2017 and 2018 acquisitions, as well as from the strong organic growth reported by the Generation and Market business units. The increase in Gross operating margin before non-recurring items is even more significant, rising by 39 million euros (+6.6%), from 592 million euros in the first half of 2017, to 631 million euros in the first half of 2018.

High natural gas prices marked the first half of 2018. Average natural gas price on the Virtual Trading Point was €22/MWh, up 16% compared to the first half of 2017, driving up electricity prices as well as significantly tightening spreads on CCGT production.

¹ The restated figures reflect the reclassification of the EPCG Group's results in accordance with IFRS 5.

Group net profit in the first half of 2018 rose by 110 million euros (+70%) compared to the first half of 2017, reaching 267 million euros (157 million euros in the first half of 2017).

The EPCG put option exercised on July 1, 2017 had significantly influenced the Group net profit in the first half of 2017, with a negative impact of 95 million euros. In 2018, the put option agreement was renegotiated, resulting into a positive effect of 4 million euros on Group net profit in the first half of 2018. In addition, the equity investment in Rudnik Uglja ad Pljevlja coal mine was sold, generating a capital gain of 6 million euros.

Excluding the aforementioned effects, related to the Montenegro equity transactions, the Group net profit from continuing operations was up 6 million euros compared to the first half of 2017, rising from 251 million euros to 257 million euros.

Net cash flows generation was 196 million euros, after capex of 187 million euros and dividends payment of 180 million euros. Net financial position at June 30, 2018 totaled 3,030 million euros (3,226 million euros at December 31, 2017).

Consolidated results for the first half of 2018

<i>millions of euros</i>	H1 2018	H1 2017	Δ	Δ%
Revenues	3,081	2,804	+277	+9.9%
Gross operating margin - EBITDA	657	637	+20	+3.1%
Net operating profit - EBIT	436	433	+3	+0.7%
Net profit from continuing operations	257	251	+6	+2.4%
Reported net profit	267	157	+110	+70.1%

Group **Revenues** totaled 3,081 million euros, up 277 million euros compared to the first half of 2017 (+10%). The increase was mainly driven by revenues from sale of electricity on wholesale markets and IPEX (the Italian power exchange), resulting from larger sales volumes, increased electricity sales on the free market, particularly to large customers, and greater revenues from green certificates.

Gross operating margin rose by 20 million euros in the first half of 2018 (+3%) reaching 657 million euros.

Gross operating margin before non-recurring items (amounting to 45 million euros in the first half of 2017 and 26 million euros in the first half of 2018) increased by 39 million euros (+7%). Excluding the widening in the Group's perimeter - following the first-time consolidation of the newly acquired photovoltaic companies and other smaller 2017 acquisitions (with a total contribution of about 10 million euros) - the Generation and Market business units made a significant contribution to results, generating remarkable increases in operating profitability.

Net Operating Profit of 436 million euros was up 3 million euros in the first half of 2018 (433 million euros), following the gross operating margin increase described above, partially offset by greater

amortization and depreciation due to 2017 capex and acquisitions.

Group net profit rose significantly to 267 million euros in the first half of 2018 (157 million euros in the first half of 2017), evidencing a 110 million euros increase.

Results by Business Unit

The following table analyses gross operating margin by business unit:

<i>Millions of euros</i>	06.30.2018	06.30.2017	Delta	Delta %
Generation & Trading	225	186	39	21,0%
Market	111	122	-11	-9,0%
Waste	136	137	-1	-0,7%
Networks and District Heating	192	200	-8	-4,0%
Smart City	4	3	1	33,3%
International	0	-1	1	n.S.
Other services and Corporate	(11)	(10)	-1	n.S.
Total	657	637	20	3,1%

Generation and Trading

The Group produced 8.0 TWh of electricity, in addition to purchases of 16.3 TWh, resulting into a total availability of 24.3 TWh.

Thermoelectric production increase, was mainly due to the greater quantities produced by the CCGT plants, particularly the Scandale plant, fully dispatched in the first half of 2018. San Filippo del Mela production was also up due to greater requests from Terna.

Hydroelectric production rose by +27% - mainly due to the Valtellina reservoirs - and photovoltaic production increased by approximately +30 GWh - following the consolidation of the late 2017 and early 2018 acquisitions.

Revenues totaled 1,758 million euros, up 225 million euros compared with the first half of 2017, due to greater sales both forward and IPEX, as well as growth from green certificates.

The Generation business unit's gross operating margin was 225 million euros, up 39 million euros compared to the first half of 2017.

Gross operating margin before non-recurring items increased by 33 million euros (non-recurring items 7 million euros in the first half of 2018 and 1 million euros in the first half of 2017).

The business unit positive results were due to the sale of the entire long position in green certificates, the increase in thermoelectric and hydroelectric production, the sound results on the ancillary service market and the contribution of the newly-acquired photovoltaic companies (the most recent acquisition was in February 2018).

The positive trends more than offset the adverse effects of the high gas prices, which affected both the profit margins on CCGT production (the clean spark spread was down substantially: -70%) and the profit margin on the gas portfolio in view of higher procurement costs.

Capex totaled about 22 million euros (11 million euros in the first half of 2017).

Market Business Unit

The Market business unit sold 5.1 TWh of electricity, up 30.7% compared to the first half of 2017 (3.9 TWh), and 986 million cubic meters of natural gas (+9.0% compared to the first half of 2017).

The growth in both the electricity and natural gas sectors was mainly due to greater sale volumes to large customers on the free market, which more than offset the lower sale volumes to “*maggior tutela*” customers.

Revenues were 1,009 million euros (916 million euros as at June 30, 2017), up 10% due to larger quantities sold, particularly to large electricity customers.

Gross operating margin of 111 million euros included non-recurring income of 16 million euros (non-recurring income of 35 million euros in the first half of 2017), enabling an increase of 8 million euros (+9%) in gross operating margin from continuing operations, compared to the first half of 2017. Contribution margin of the electricity and natural gas segments rose by over 10 million euros due to the increase in the mass market customer base (+86,000 on the end of 2017), larger electricity and gas sale volumes to large customers on the free market. Growth in the retail energy sector was limited by higher marketing and external communication costs to widen the customer base.

Furthermore, the New Energy Solutions sector remarkably contributed to the gross operating margin increase (+6 million euros) on account of the energy efficiency certificate portfolio optimization.

Capex totaled about 5 million euros in the period (3 million euros in the first half of 2017).

Waste Business Unit

Waste collected grew in the first half of 2018 to 0.8 million tons (+4.8%) on account of the contribution of the new municipalities businesses acquired in 2018 and in the last months of the 2017.

On the other hand, waste disposed of, amounting 1.8 million tons, decreased slightly (-1.7%) compared to the first half of 2017 due to the lower volumes sent to the Grottaglie landfill; the landfill, having reached saturation, obtained authorization to expand by over 1,500,000 cubic meters as late as April 2018.

Revenues were 508 million euros (496 million euros in the first half of 2017), up 12 million euros compared to the first half of 2017.

Gross operating margin totaled 136 million euros, in line with the first half of 2017 (137 million euros). Gross operating margin was up 1 million euros, net of non-recurring items (+4 million euros in the first half of 2017, +2 million euros in the first half of 2018).

The positive results were driven by the industrial treatment plants management (Filago plant and Corteolona landfill), the positive price trend for the contribution of urban waste and the increase in waste disposed of, at certain urban waste treatment plants. The positive effects more than offset the lower profit margins following the decrease in disposals at the Grottaglie landfill and – in the waste collection – the lower revenues from recycled paper - due to the drop in sales prices - and the increase in costs to dispose of collected waste (multi-material and large items).

Capex in the first half of 2018 were 38 million euros (37 million euros in the first half of 2017).

Networks & District Heating Business Unit

Distributed electricity totaled 5.9 TWh, up +1.8% compared to the first half of 2017, and gas distributed was 1,510 million cubic meters, up 7.1% (1,410 million cubic meters in the first half of 2017).

Distributed water amounted to 32 million cubic meters (33 million cubic meters in the first half of 2017).

Heat sales were 1.6 TWh, up 6.1% compared to the first half of 2017, following greater sale volumes arising from commercial development and the colder-than-average winter temperatures compared to 2017.

Revenues amounted to 590 million euros (539 million euros in the first half of 2017).

Gross operating margin was 192 million euros, down compared to the first half of 2017 (200 million euros).

The performance was due to the positive contribution of the water service, more than offset by the lower profit margins in the electricity, gas and district heating segments. In particular, the lower unit profit margins recorded by the district heating sector, the decrease in allowed electricity distribution revenues and other gas distribution revenues offset the positive water tariffs increase, approved by the Water Regulator.

Capex in the period totaled 108 million euros (90 million euros in the first half of 2017).

International Business Unit

The International business unit generated revenues of 3 million euros in the first half of 2018 achieved with the construction of high-tech waste treatment plants.

The gross operating margin was near zero (compared to a gross operating loss of 1 million in the first half of 2017).

No capex were posted in 2018.

During the first half of 2018, a new agreement was reached with the Montenegro government for the exercise of the put option in four tranches between May 1, 2018 and July 31, 2019, rather than in seven tranches (from 2018 to 2024) as originally agreed. The first tranche, matured on May 1, 2018, was already cashed in. The fair value of EPCG was updated as a result of the new agreement, generating a positive adjustment of 4 million euros in the first half of 2018.

In addition, the equity investment in Rudnik Uglja ad Pljevlja (a company that owns a coal mine in Montenegro) carried at 7 million euros book value, was sold for approximately 13 million euros, generating a capital gain of 6 million euros.

A2A Smart City Business Unit

A2A Smart City revenues totaled 22 million euros, up 10 million euros with respect to the first half of 2017, due to the greater contribution of Linea Com – a LGH telecommunications company, merged into A2A Smart City in February 2018 – as well as to the widening of services offered to other Group companies and third parties.

Gross operating margin was 4 million euros, up approximately 1 million euros with respect to the first half of 2017. The increase in profit margins was mainly due to projects started in the second half of 2017 for the infrastructure to lay optical fiber cables in Milan and Brescia.

Capex totaled 6 million euros (4 million euros in first half of 2017).

Balance sheet

The balance sheet figures at June 30, 2018, comparable with the data as of December 31, 2017, refer to the same perimeter, except for the acquisition by A2A Rinnovabili of five photovoltaic plants.

(millions of euro)	06.30.2018	12.31.2017	Change
CAPITAL EMPLOYED			
<u>Net Fixed Capital</u>	<u>5,703</u>	<u>5,780</u>	<u>(77)</u>
- Tangible assets	4,572	4,606	(34)
- Intangible assets	1,815	1,863	(48)
- Shareholdings and other non-current financial assets (*)	66	71	(5)
- Other non-current assets/liabilities (*)	(125)	(117)	(8)
- Deferred tax assets/liabilities	289	301	(12)
- Provisions for risks, charges and liabilities for landfills	(607)	(625)	18
- Employee benefits	(307)	(319)	12
<i>of which with counter-entry to equity</i>	<i>(49)</i>	<i>(47)</i>	
<u>Net Working Capital and Other current assets/liabilities</u>	<u>271</u>	<u>235</u>	<u>36</u>
Net Working Capital:	513	437	76
- Inventories	198	147	51
- Trade receivables	1,330	1,671	(341)
- Trade payables	(1,015)	(1,381)	366
Other current assets/liabilities	(242)	(202)	(40)
- Other current assets/liabilities (*)	(232)	(305)	73
- Current tax assets/tax liabilities	(10)	103	(113)
<i>of which with counter-entry to equity</i>	<i>(56)</i>	<i>(39)</i>	
Assets/liabilities held for sale (*)	160	224	(64)
<i>of which with counter-entry to equity</i>	<i>160</i>	<i>224</i>	
TOTAL CAPITAL EMPLOYED	6,134	6,239	(105)
SOURCES OF FUNDS			
<u>Shareholders' equity</u>	<u>3,104</u>	<u>3,013</u>	<u>91</u>
Total financial position beyond one year	3,453	3,488	(35)
Total financial position within one year	(423)	(262)	(161)
<u>Total Net financial position</u>	<u>3,030</u>	<u>3,226</u>	<u>(196)</u>
<i>of which with counter-entry to equity</i>	<i>23</i>	<i>29</i>	
TOTAL SOURCES	6,134	6,239	(105)

(*) Net of balances included in the Net Financial Position

Net Fixed Assets

“**Net fixed assets**” amounted to 5,703 million euros, down 77 million euros with respect to December 31, 2017.

Changes are detailed below:

- Tangible fixed assets decreased by 34 million euros due to:
 - the first-time consolidation of A2A Rinnovabili acquisitions, accounting for an increase of 32 million euros;
 - capex of 116 million euros, mainly in the Networks & District Heating business unit (46 million euros), in the Waste business unit (37 million euros) and in the Generation and Trading business unit (22 million euros); about 11 million euros capex refer to Corporate, Market and A2A Smart City business units;
 - decrease of 1 million euros following asset sales, net of accumulated depreciation;
 - decrease of about 6 million euros due to the net reclassifications balance of items and changes in the asset categories;
 - depreciation of the period totaling 175 million euros.
- Intangible fixed assets decreased by 48 million euros with respect to December 31, 2017, due to:
 - the effect of first-time consolidation, led to an increase of 10 million euros (goodwill of 9 million euros and other intangible fixed assets of 1 million euros);
 - capex of 71 million euros, mainly in the Networks & District Heating business unit (62 million euros) and the Corporate business unit (6 million euros); about 3 million euros capex for the Waste and Market business units;
 - decrease totaling 89 million euros as a result of other changes, due to the reduction in environmental certificates in the industrial portfolio (86 million euros) and other changes and reclassifications (3 million euros);
 - sales of assets, net of accumulated amortization, for 2 million euros;
 - decrease, due to period amortization, of 38 million euros;
- Equity investments and other non-current financial assets, at 66 million euros, decreased by 5 million euros compared to December 31, 2017. The decrease includes 7 million euros due to the sale of the equity investment in Rudnik Uglja ad Pljevlja, dividends cash in totaling 1.5 million euros and fair value gains of 4 million euros on equity investments, mainly in ACSM – AGAM;
- Other non-current assets amounted to 125 million euros, showing a net increase of 8 million euros with respect to December 31, 2017. The change is mainly attributable to the first-time consolidation of companies in the semester;
- Deferred tax assets amounted to 289 million euros (301 million euros at December 31, 2017) and, net of 1 million euro for the first-time consolidation of the semester acquisitions, showed a decrease of 12 million euros;
- Provisions for risks, charges and liabilities for landfills evidenced a decrease of 18 million euros. Changes in the period due to:
 - the net decrease of 8 million euros in the provision for tax disputes, mainly following the release of 7.5 million euros in relation to a dispute with the Puglia Region;
 - the decrease of 4 million euros in the provision for landfill following appraisal changes at period end;
 - net provisions of 7 million euros mainly related to legal disputes for hydroelectric concession surcharges;

- utilizations of 8 million euros;
- other decreases of 5 million euros, mainly in connection with changes in the decommissioning provisions due to the updating of discount rates;
- Employee benefits decreased by approximately 12 million euros and include net payments totaling 9 million euros, actuarial adjustments of 18 million euros recognized in accordance with IAS 19 and increases of 15 million euros due to period accruals.

Net Working Capital and Other Current Assets/Liabilities

Net Working Capital comprises trade receivables, closing inventories and trade payables. It amounted to 513 million euros, up 76 million euros with respect to December 31, 2017.

Trade Receivables

(millions of euro)	Value at 12/31/2017	First-time consolidation effect acquisitions 2018	Changes of the period	Value at 06/30/2018
Trade receivables invoices issued	929	1	(142)	788
Trade receivables invoices to be issued	897	2	(196)	703
Bad debts provision	(155)		(6)	(161)
Total trade receivables	1,671	3	(344)	1,330

At June 30, 2018, trade receivables amounted to 1,330 million euros (1,671 million euros at December 31, 2017), showing a net decrease of 341 million euros.

Bad debt provision of 161 million euros evidenced a net increase of 6 million euros compared to December 31, 2017.

(millions of euro)	Value at 12/31/2017	First-time consolidation effect acquisitions 2018	Provisions	Utilizations	IFRS 9 - FTA	Value at 06/30/2018
Bad debt provision	155		13	(12)	5	161

Trade receivables aging is detailed here below:

(millions of euro)	06/30/2018	12/31/2017
Trade receivables of which:	1,330	1,671
Current	476	615
Past due of which:	312	314
<i>Past due up to 30 days</i>	43	56
<i>Past due from 31 to 180 days</i>	66	67
<i>Past due from 181 to 365 days</i>	44	37
<i>Past due over 365 days</i>	159	154
Invoices to be issued	703	897
Bad debts provision	(161)	(155)

Trade payables

(millions of euro)	Value at 12/31/2017	First-time consolidation effect acquisitions 2018	Changes of the period	Value at 06/30/2018
Advances	2			2
Payables to suppliers	1,379	1	(367)	1,013
Total trade payables	1,381	1	(367)	1,015

Trade payables amounted to 1,015 million euros, down 366 million euros with respect to December 31, 2017.

Inventories

(millions of euro)	Value at 12/31/2017	First-time consolidation effect acquisitions 2018	Changes of the period	Value at 06/30/2018
- Materials	71		3	74
- Material obsolescence provision	(20)		0	(20)
Total Materials	51		3	54
- Fuel	91		48	139
- Others	1		1	2
Raw and ancillary materials and consumables	143		52	195
Third-party fuel	4		(1)	3
Total inventory	147		51	198

Inventories amounted to 198 million euros (147 million euros at December 31, 2017), net of obsolescence provision of 20 million euros, unchanged with respect to December 31, 2017. The inventories increase of 51 million euro was mainly due to the net increase in fuel and gas stock.

Other current assets/liabilities evidenced a net decrease of 73 million euros, mainly due to greater excise taxes on gas and electricity, offset by the growth in receivables from “*Cassa Servizi Energetici ed Ambientali*” following the increase in white certificates.

Capital employed amounted to 6,134 million euros at June 30, 2018, financed by shareholders’ equity (3,104 million euros) and net financial position (3,030 million euros).

Shareholders’ equity

The net change in shareholders’ equity is positive for 91 million euros. Net profit for the period accounted for a positive effect of 267 million euros, partially compensated by the dividends distribution of 180 million euros. Furthermore, the fair value gain of cash flow hedges measurement (10 million euros) and the net increase in minority interests (2 million euros) affected shareholders’ equity, as well. The total impact of the first-time application of IFRS 9 on Group shareholders’ equity, net of deferred taxes, was negative for 4 million euros and mainly due to the restatement of the bad debt provision at January 1, 2018, for comparative purposes.

Financial position

Net free cash flow	06.30.2018	06.30.2017
EBITDA	657	637
Change in net working capital	(76)	(33)
Change in other assets/liabilities	4	(127)
Utilization of provisions, net taxes and net financial charges	(62)	(64)
FFO	523	413
Investments	(187)	(158)
Distributed dividends	(180)	(153)
Change in scope	40	(13)
Net free cash flow	196	89

Net cash flow was positive for 196 million euros, leading the net financial position to 3,030 million euros at June 30, 2018, compared to 3,226 million euros as of December 31, 2017.

Regarding the net cash flow generation:

- Net working capital led to an increase of about 76 million euros in net financial position, substantially due to seasonal trends;
- the 4 million euro variation in Other assets/liabilities mainly refers to the reduction in payables to CSEA², offset by the increase in payables for excise duties and tariffs for electricity and natural gas system overheads, prepayments for annual water concession fees and environmental certificate portfolio;
- payment of net financial charges, taxes and provisions for 62 million euros, payment of dividends for 180 million euros and capex expenditures for 187 million euros.

² CSEA: Cassa conguagli Servizi Energetici e Ambientali

Outlook for operations

The first half of 2018 ended with positive results substantially in line with the Group's forecast. Despite the energy market volatility, no significant changes are expected in the Generation business unit results, as the Group has hedged nearly all its positions in hydroelectric production. Similarly, the results of the other business units are in line with the expectations of beginning 2018.

The Group confirms the outlook previously disclosed: gross operating margin between 1,150 - 1,180 million euros (plus non-recurring items positive for 20-30 million euros) and Group net profit of approximately 400 million euros.

The above mentioned forecasts will additionally benefit from the line by line consolidation of the ACSM-AGAM Group, as of July 1, 2018, following the successful completion of the merger of the Northern Italian multi-utility company.

Cash flow generation is expected at around 100 million euros (excluding 2018 changes in Group's business perimeter), in line with the outlook previously disclosed.

Alternative performance indicators

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

- **Gross operating margin** is an alternative performance indicator calculated as the sum of the net operating profit and amortization, depreciation and write-downs;
- **Gross operating margin before non-recurring items** is an alternative performance indicator calculated as the gross operating margin described above by excluding non-recurring transactions or operations (e.g., adjustments relating to previous years, extraordinary redundancy plans, etc.);
- **Net profit from continuing operations** is an alternative indicator of operating performance that is calculated on the basis of the net profit for the year attributable to the group less the effects of non-recurring transactions (net of the related items) and the impairment of assets, goodwill and equity investments, as well as reversals of impairment (net of the related tax effect);
- **Net financial position** is an indicator of financial structure. It corresponds with financial payables, net of cash and cash equivalents and current and non-current financial assets (financial assets and securities other than equity investments);
- **Capex** is an alternative performance indicator used by the A2A Group as a financial target within the scope of internal Group presentations (business plans) and external documents (presentations to financial analysts and investors). It is a useful measure of the resources employed to maintain and develop the A2A Group's investments.

The executive responsible for drawing up A2A S.p.A.'s corporate accounting documents, Andrea Crenna, states – in accordance with article 154-bis, sub-section 2 of the Financial Act del (Legislative Decree 58/1998) – that the accounting information contained in this document corresponds with the documentary evidence, books and accounting records.

The A2A Group's financial schedules, extracted from the half year report at June 30, 2018, which is subject to audit, are attached.

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CONSOLIDATED BALANCE SHEET	06.30.2018	12.31.2017
(millions of euro)		
ASSETS		
<u>NON-CURRENT ASSETS</u>		
Tangible assets	4,572	4,606
Intangible assets	1,815	1,863
Shareholdings carried according to equity method	58	63
Other non-current financial assets	41	44
Deferred tax assets	289	301
Other non-current assets	10	8
TOTAL NON-CURRENT ASSETS	6,785	6,885
<u>CURRENT ASSETS</u>		
Inventories	198	147
Trade receivables	1,330	1,671
Other current assets	438	216
Current financial assets	6	8
Current tax assets	67	107
Cash and cash equivalents	859	691
TOTAL CURRENT ASSETS	2,898	2,840
NON-CURRENT ASSETS HELD FOR SALE	160	224
TOTAL ASSETS	9,843	9,949
EQUITY AND LIABILITIES		
<u>EQUITY</u>		
Share capital	1,629	1,629
(Treasury shares)	(54)	(54)
Reserves	1,125	1,010
Result of the year	-	293
Result of the period	267	-
Equity pertaining to the Group	2,967	2,878
Minority interests	137	135
Total equity	3,104	3,013
<u>LIABILITIES</u>		
<u>NON-CURRENT LIABILITIES</u>		
Non-current financial liabilities	3,473	3,501
Employee benefits	307	319
Provisions for risks, charges and liabilities for landfills	607	625
Other non-current liabilities	148	148
Total non-current liabilities	4,535	4,593
<u>CURRENT LIABILITIES</u>		
Trade payables	1,015	1,381
Other current liabilities	670	521
Current financial liabilities	442	437
Tax liabilities	77	4
Total current liabilities	2,204	2,343
Total liabilities	6,739	6,936
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	-	-
TOTAL EQUITY AND LIABILITIES	9,843	9,949

CONSOLIDATED INCOME STATEMENT (millions of euro)	01.01.2018 06.30.2018	01.01.2017 06.30.2017 <i>Restated *</i>
Revenues		
Revenues from the sale of goods and services	2,969	2,696
Other operating income	112	108
Total Revenues	3,081	2,804
Operating expenses		
Expenses for raw materials and services	1,972	1,698
Other operating expenses	118	143
Total Operating expenses	2,090	1,841
Labour costs	334	326
Gross operating income - EBITDA	657	637
Depreciation, amortization, provisions and write-downs	221	204
Net operating income - EBIT	436	433
Result from non-recurring transactions	6	-
Financial balance		
Financial income	11	6
Financial expenses	69	69
Affiliates	4	4
Result from disposal of other shareholdings (AFS)	-	-
Total financial balance	(54)	(59)
Result before taxes	388	374
Income taxes	120	119
Result after taxes from operating activities	268	255
Net result from discontinued operations	4	(94)
Net result	272	161
Minorities	(5)	(4)
Group result of the period	267	157
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (millions of euro)	06.30.2018	06.30.2017 <i>Restated *</i>
Net result of the period (A)	272	161
Actuarial gains/(losses) on Employee's Benefits booked in the Net equity	3	9
Tax effect of other actuarial gains/(losses)	(1)	(3)
Total actuarial gains/(losses) net of the tax effect (B)	2	6
Effective part of gains/(losses) on cash flow hedge	14	(8)
Tax effect of other gains/(losses)	(4)	2
Total other gains/(losses) net of the tax effect of companies consolidated on a line-by-line basis (C)	10	(6)
Other gains/(losses) of companies valued at equity net of the tax effect (D)	-	-
Total comprehensive result (A)+(B)+(C)+(D)	284	161
Total comprehensive result attributable to:		
Shareholders of the parent company	279	157
Minority interests	(5)	(4)

With the exception of the actuarial effects on employee benefits recognized in equity, the other effects stated above will be reclassified to the Income Statement in subsequent years.

(*) Figures as at 06.30.2017 reflect EPCG reclass according to IFRS 5 standard

CONSOLIDATED CASH-FLOW STATEMENT (millions of euro)	06.30.2018	12.31.2017
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	691	402
Change in EPCG consolidation method	-	(55)
Contribution of first consolidation of acquisitions of 2018/2017	4	7
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	695	354
Operating activities		
Net Result (**)	266	297
Tangible assets depreciation	175	338
Intangible assets amortization	38	72
Fixed assets write-downs/disposals	3	43
Result from affiliates	(4)	(5)
Held for sale activities write off	-	86
Net financial interests	58	139
Net financial interests paid	(54)	(115)
Net taxes paid (a)	-	(192)
Gross change in assets and liabilities (b)	100	203
Total change of assets and liabilities (a+b) (*)	100	11
Cash flow from operating activities	582	866
Investment activities		
Investments in tangible assets	(116)	(306)
Investments in intangible assets and goodwill	(71)	(148)
Investments in shareholdings and securities (*)	(1)	(23)
Disposal of fixed assets and shareholdings	13	-
Dividends received	2	2
Cash flow from investment activities	(173)	(475)
FREE CASH FLOW	409	391
Financing activities		
Changes in financial assets		
Monetary changes:		
Issuance of loans	-	-
Proceeds from loans	3	7
Other monetary changes	-	(10)
Total monetary changes	3	(3)
Non-monetary changes:		
Other non-monetary changes	2	5
Total non-monetary changes	2	5
TOTAL CHANGES IN FINANCIAL ASSETS (*)	5	2
Changes in financial liabilities		
Monetary changes:		
Borrowings/bonds issued	32	743
Repayment of borrowings/bond	(102)	(613)
Lease payments	(2)	(2)
Dividends paid by the parent company	(180)	(153)
Dividends paid by the subsidiaries	-	(2)
Other monetary changes	1	(3)
Total monetary changes	(251)	(30)
Non-monetary changes:		
Amortized cost valuations	5	-
Other non-monetary changes	(4)	(26)
Total non-monetary changes	1	(26)
TOTAL CHANGES IN FINANCIAL LIABILITIES (*)	(250)	(56)
Cash flow from financing activities	(245)	(54)
CHANGE IN CASH AND CASH EQUIVALENTS	164	337
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	859	691

(*) Cleared of balances in return of shareholders' equity and other balance sheet items.

(**) Net Result is exposed net of gains on shareholdings', fixed assets' disposals and from discontinued operations

Statement of changes in Group equity
(millions of euro)

Description	Share capital	Treasury shares	Cash Flow Hedge	Other Reserves and retained earnings	Result of the period/year	Total Equity pertaining to the Group	Minority interests	Total Net shareholders equity
Net equity at December 31, 2016 Restated	1,629	(54)	(2)	921	232	2,726	553	3,279
<i>Changes in the first half of 2017</i>								
2016 result allocation				232	(232)			
Distribution of dividends				(153)		(153)	(1)	(154)
IAS 19 reserves (*)				6		6		6
Cash flow hedge reserves (*)			(6)			(6)		(6)
EPCG equity method							(420)	(420)
Other changes				8		8	(2)	6
Group and minorities result of the period					157	157	3	160
Net equity at June 30, 2017 Restated **	1,629	(54)	(8)	1,014	157	2,738	133	2,871
<i>Changes in the second half 2017</i>								
IAS 19 reserves (*)				6		6		6
Cash flow hedge reserves (*)			(12)			(12)	1	(11)
Other changes				10		10	(2)	8
Group and minorities result of the period					136	136	3	139
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
<i>Changes in the first half of 2018</i>								
2017 result allocation				293	(293)			
Distribution of dividends				(180)		(180)		(180)
IAS 19 reserves (*)				2		2		2
Cash flow hedge reserves (*)			10			10		10
Other changes				(6)		(6)	(3)	(9)
Group and minorities result of the period					267	267	5	272
Net equity at June 30, 2018	1,629	(54)	(10)	1,135	267	2,967	137	3,104

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

(**) Figures as at 06.30.2017 reflect EPCG reclass according to IFRS 5 standard