



Q1 2017 Consolidated Results



Milan, May 10th, 2017

Highlights of the period

Q1: HIGHLIGHTS OF THE PERIOD



CCGT MGP & MSD Results

Organic growth in all BU's

***LGH FY consolidation
and performance***

***TIM-A2A Agreement for
optic fiber network in Milan***

ASVT acquisition

***Authorization to increase treatment
capacity
of the Filago WtE up to 25kt/y***

***MoU with local utilities
of Northern Lombardy***

Key
Financial
Highlights

***Hydroelectric volumes in Italy
and EPCG***

Q1: HIGHLIGHTS OF THE PERIOD

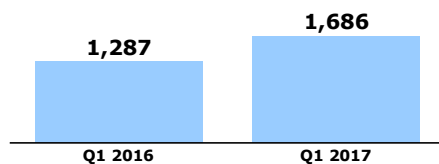
KEY FINANCIAL INDICATORS



€M

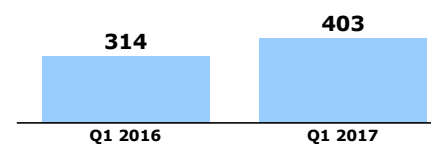
REVENUES

+31%



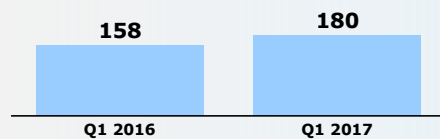
EBITDA

+28%



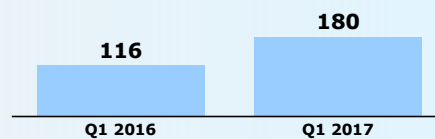
GROUP NET INCOME

+14%



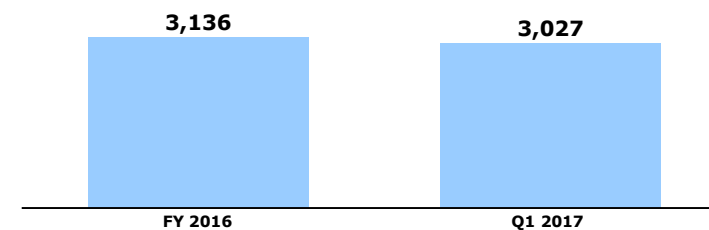
GROUP ORDINARY NET INCOME

+55%



NET FINANCIAL POSITION

-109€M



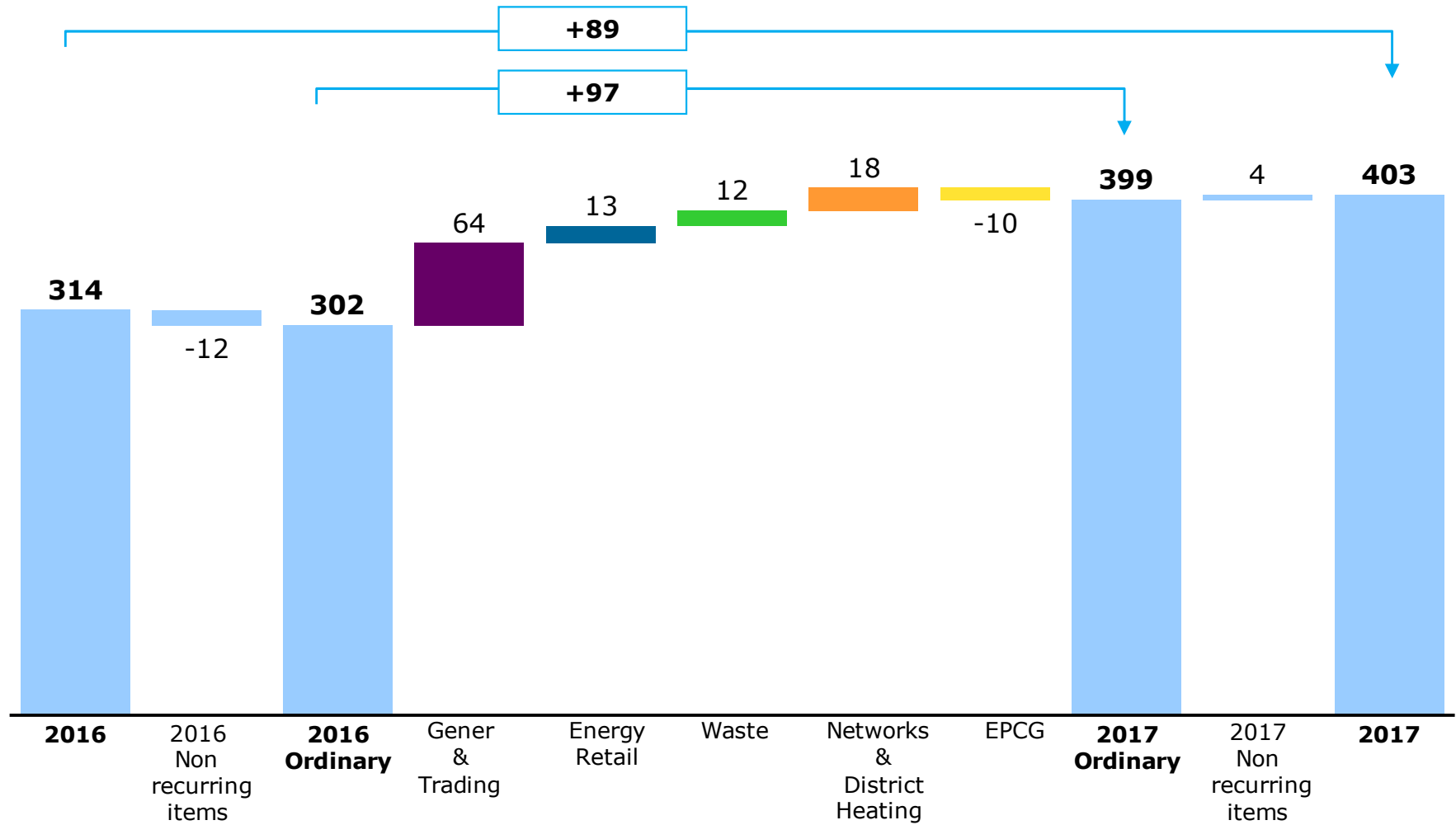
Analysis of results

Q1 CONSOLIDATED RESULTS

GROUP EBITDA

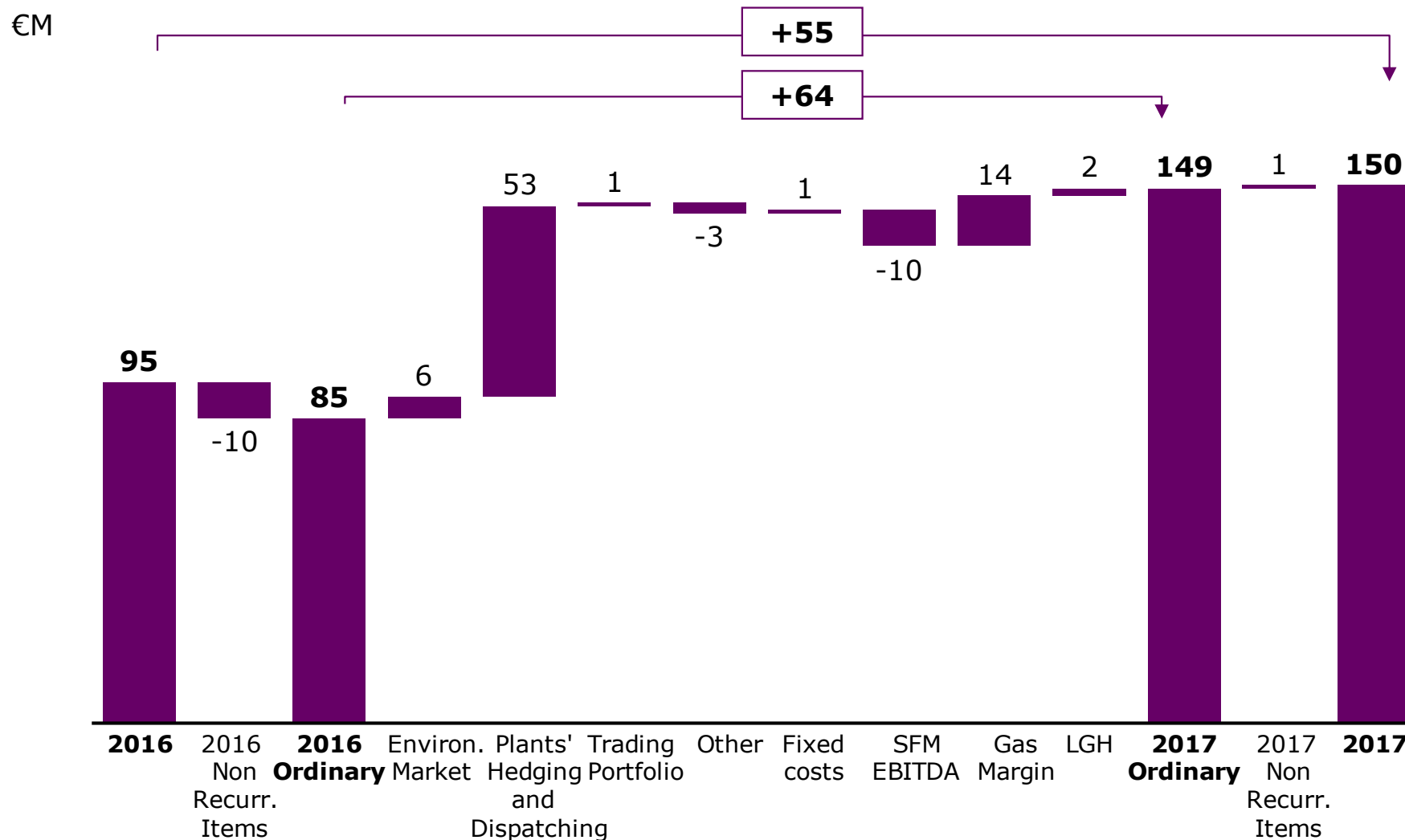


€M



Q1 CONSOLIDATED RESULTS

GENERATION & TRADING EBITDA

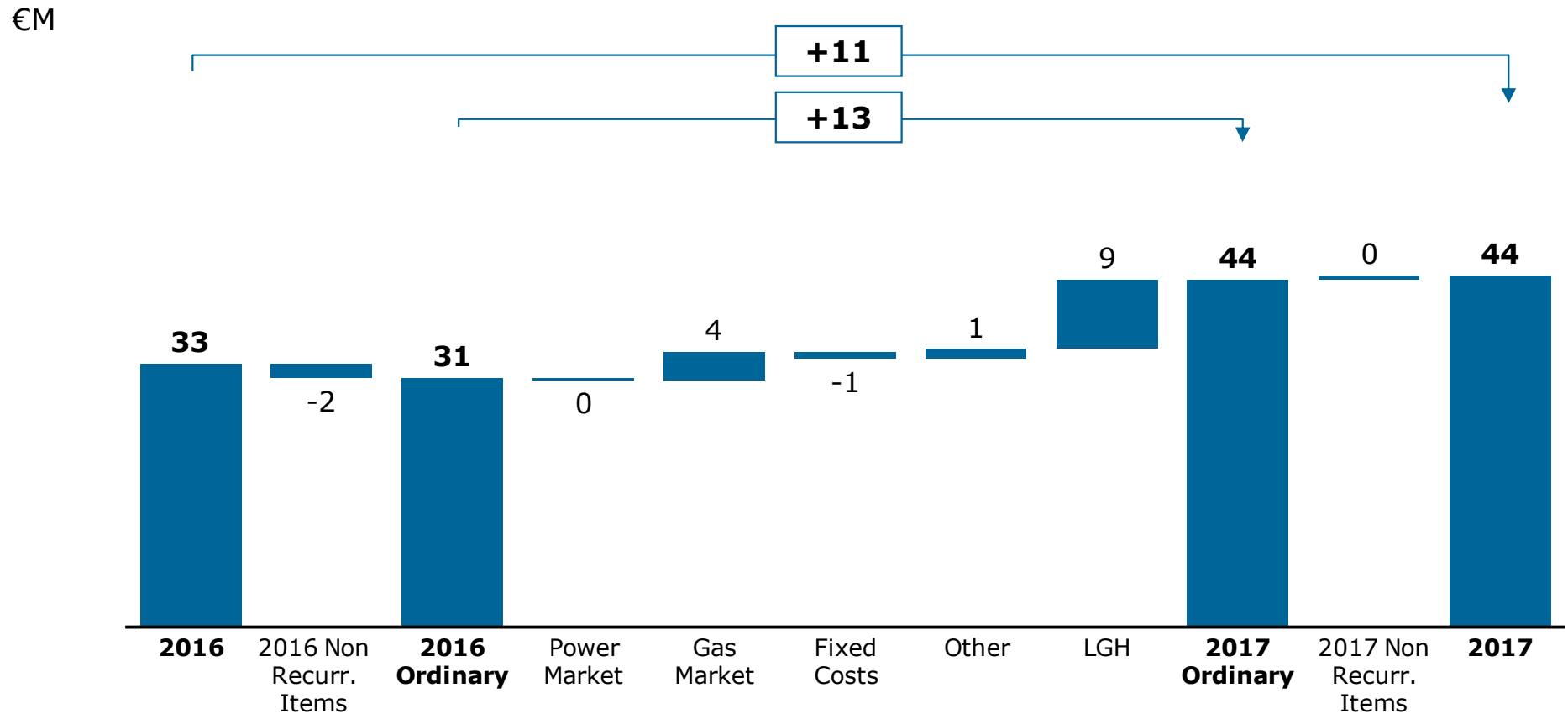


- CCGT performance more than offsetting low hydro production
- Excellent results on Gas optimization

Q1 CONSOLIDATED RESULTS



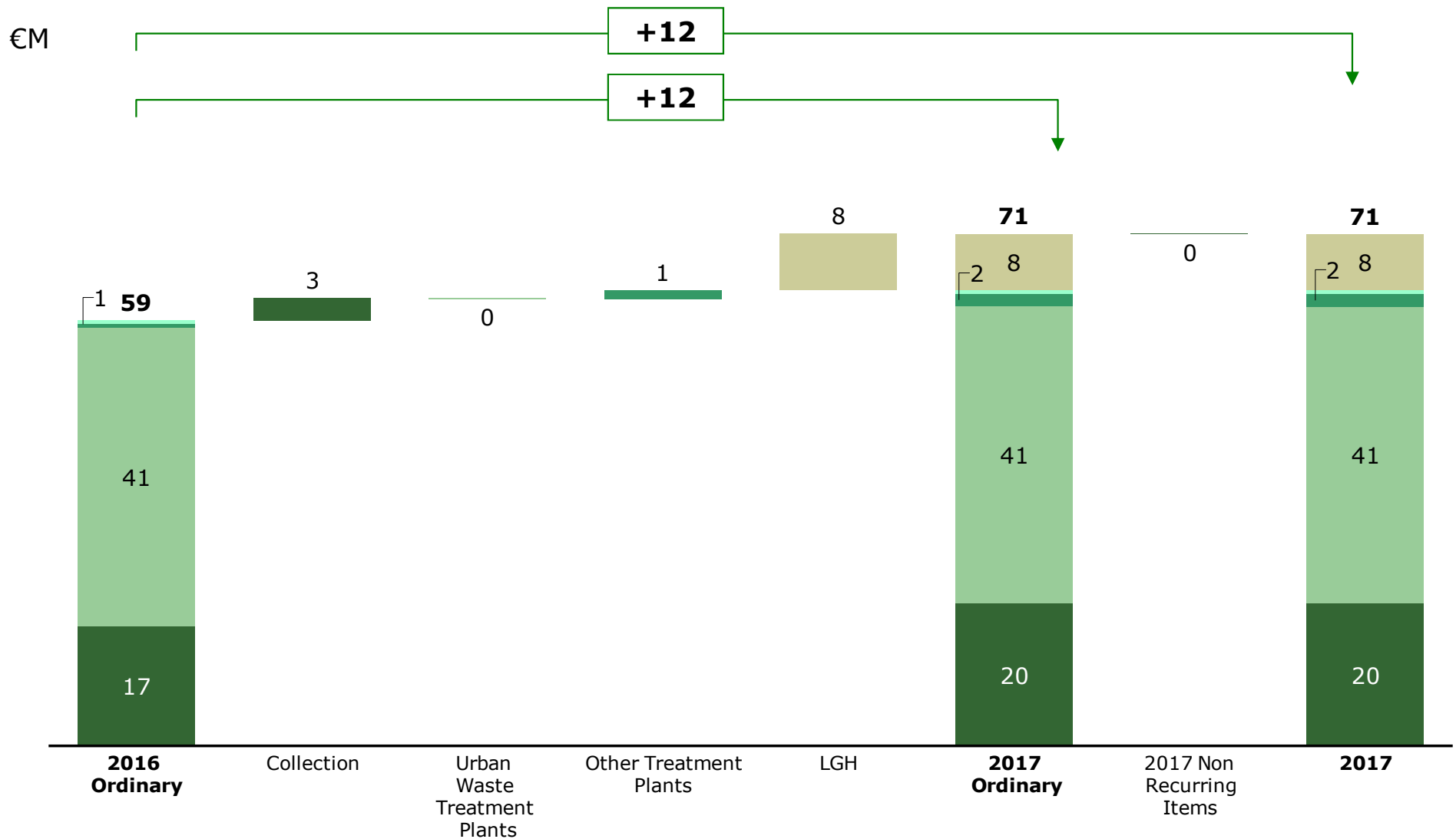
ENERGY RETAIL EBITDA



- Free market customer base +60K
- Unitary Margins steady

Q1 CONSOLIDATED RESULTS

WASTE EBITDA

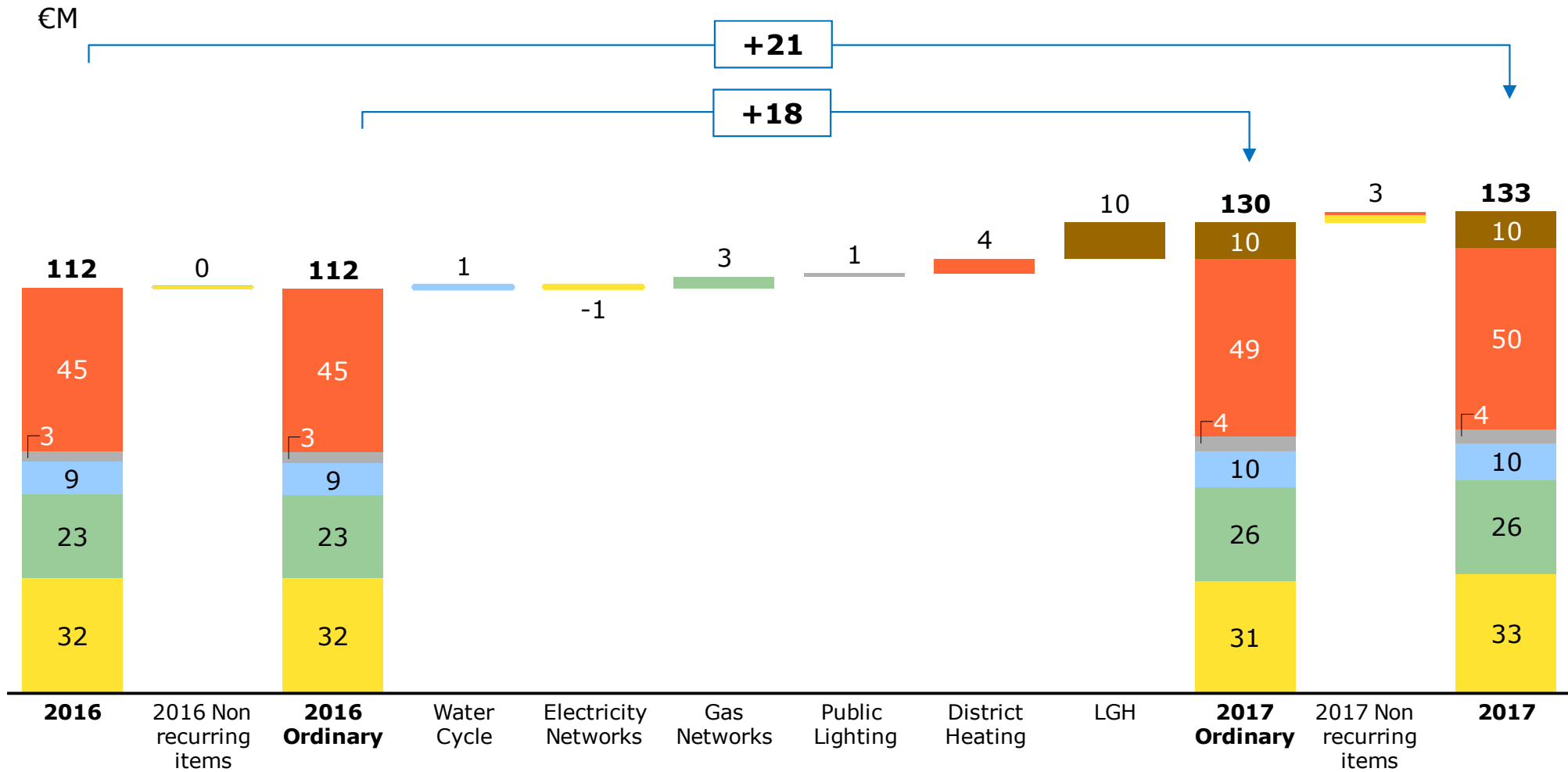


- Collection
- Urban Waste Treatment Plants
- Other Treatment Plants
- International Projects

• All KPI's – quantities, prices, cost cutting – positive

Q1 CONSOLIDATED RESULTS

NETWORKS AND DISTRICT HEATING EBITDA



DH benefitting from higher gas prices and commercial development

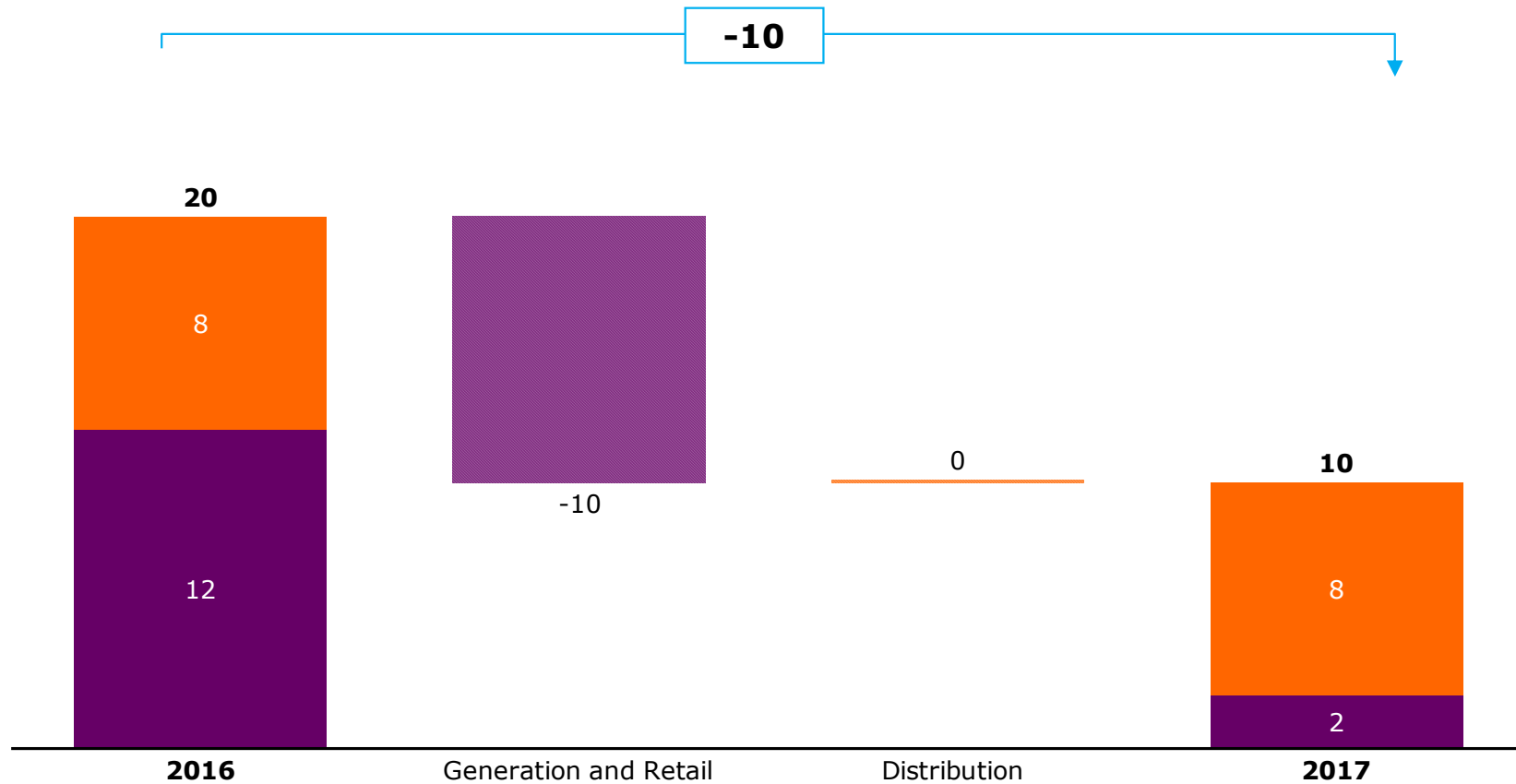


Q1 CONSOLIDATED RESULTS

EPCG EBITDA



€M



- Energy
- Distribution

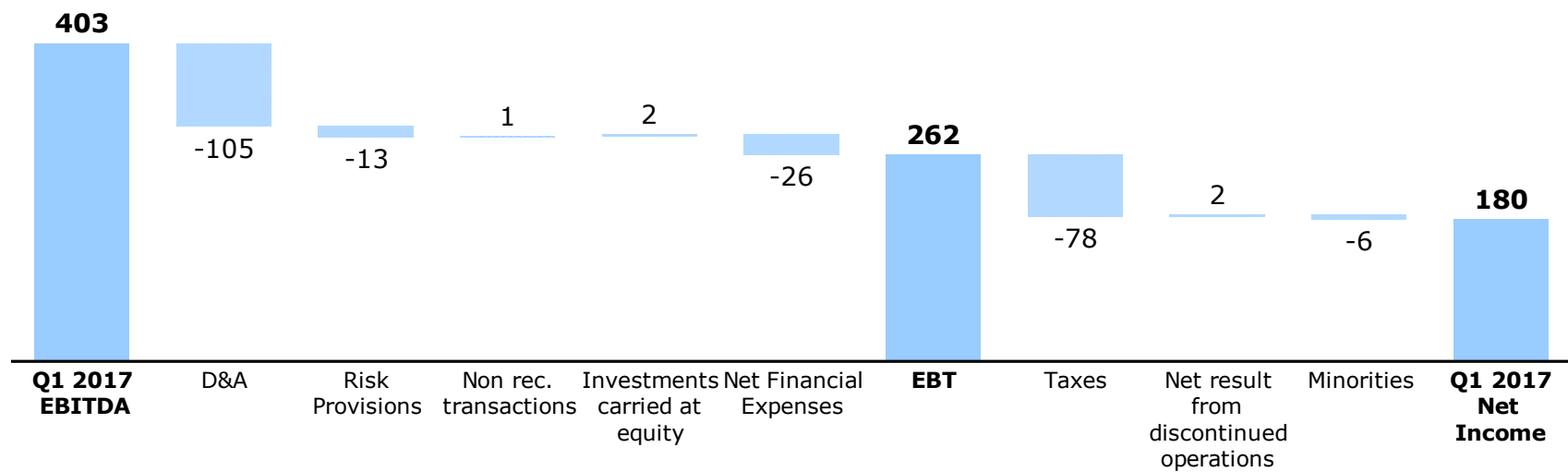
Low hydro production (-42%): higher import (at very high prices)

Q1 CONSOLIDATED RESULTS

FROM EBITDA TO GROUP NET INCOME



€M



Q1 2016	314	-96	-22	52	2	-32	218	-52	-	-8	158
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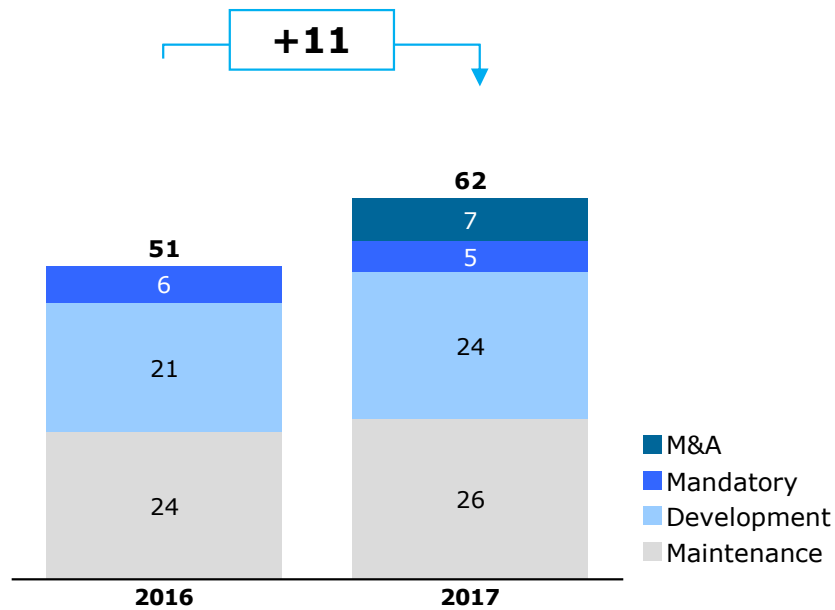
Q1 CONSOLIDATED RESULTS

CAPEX

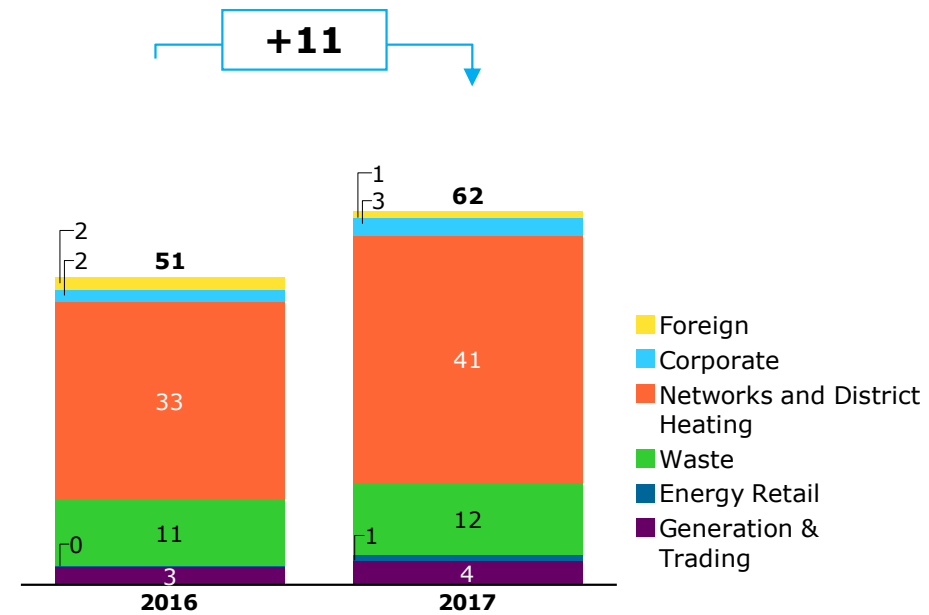


€M

BREAKDOWN BY ACTIVITY



BREAKDOWN BY BUSINESS

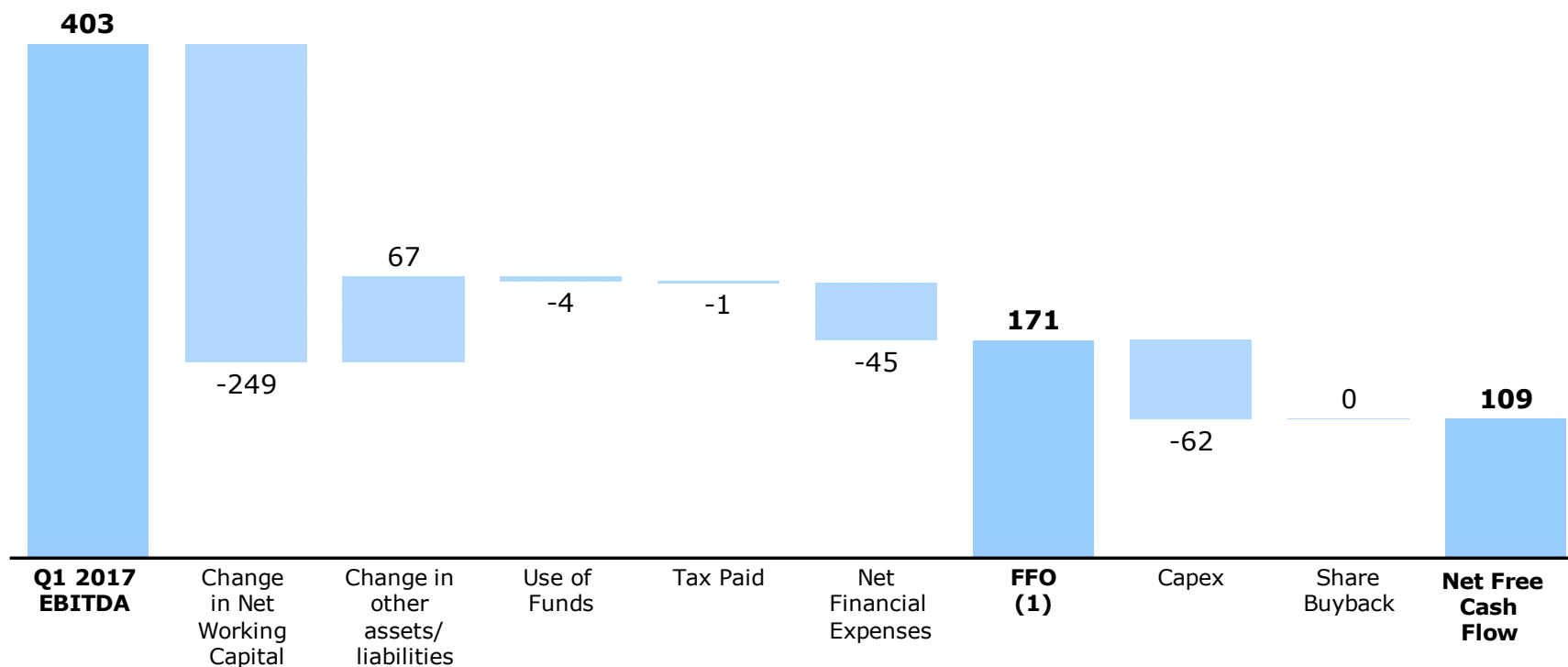


Q1 CONSOLIDATED RESULTS

NET FREE CASH FLOW



€M



Q1 2016	314	-134	-18	-4	-	-47	111	-54	-37	20
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(1) Funds from operations after working capital change

Closing remarks

Q1 CONSOLIDATED RESULTS

STRATEGIC PLAN GUIDELINES REINFORCED



2017 OUTLOOK REVISED UPWARD
FY EBITDA 1,170 – 1,190 €M

Annexes

Q1 CONSOLIDATED RESULTS



P&L

€M

	Q1 2016	Q1 2017	CHANGE	%
REVENUES	1,287	1,686	+399	+31.0%
EBITDA	314	403	+89	+28.3%
D&A	(96)	(105)	-9	+9.4%
Provisions	(22)	(13)	+9	-40.9%
EBIT	196	285	+89	+45.4%
Net Financial Expenses	(32)	(26)	+6	-18.8%
Associates & JV	2	2	-	-
Result from non recurr. transactions	52	1	-51	n.a.
EBT	218	262	+44	+20.2%
Taxes	(52)	(78)	-26	+50.0%
Net result from discontinued operations	-	2	+2	n.a.
Minorities	(8)	(6)	+2	-25.0%
GROUP NET INCOME	158	180	+22	+13.9%

Q1 CONSOLIDATED RESULTS

BALANCE SHEET



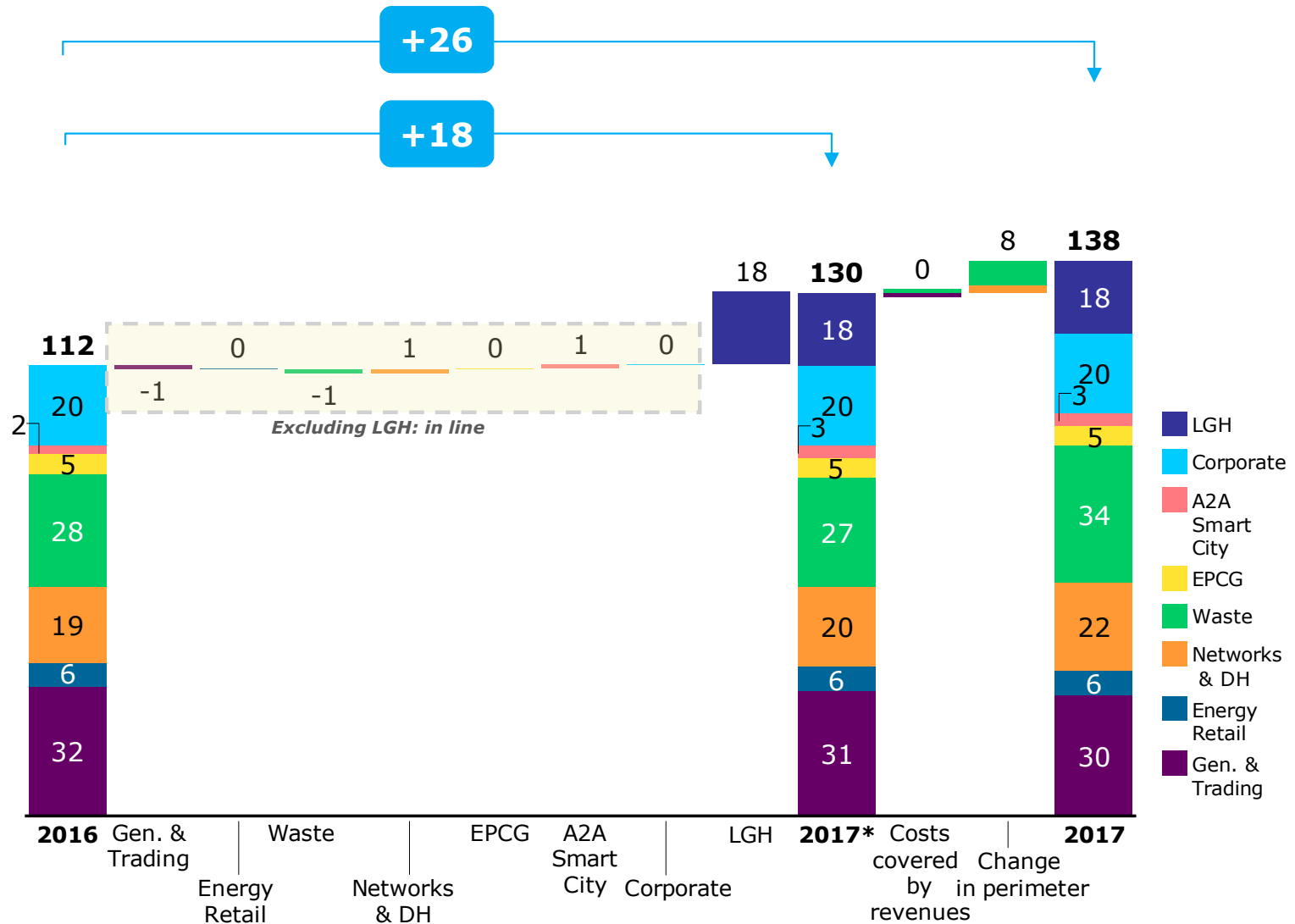
	FY 2016	Q1 2017	%
€M			
Tangible Assets	5,080	5,026	-1.1%
Intangible Assets	1,724	1,756	+1.9%
Shareholdings and Other Non Current Financial Assets	80	75	-6.3%
Other Non Current Assets/Liabilities	(85)	(79)	-7.1%
Deferred Tax Assets and Liabilities	363	357	-1.7%
Provisions for Risks, Charges and Liabilities for landfills	(668)	(666)	-0.3%
Employee Benefits	(365)	(359)	-1.6%
NET FIXED CAPITAL	6,129	6,110	-0.3%
Inventories	159	118	-25.8%
Trade receivables and other current Assets	2,209	2,126	-3.8%
Trade payables and other current Liabilities	(2,128)	(1,832)	-13.9%
Current tax Assets/Liabilities	37	(33)	n.a.
WORKING CAPITAL AND OTHER CURRENT ASSETS/LIABILITIES	277	379	+36.8%
Non current Assets /Liabilities held for sale	1	-	n.a.
TOTAL CAPITAL EMPLOYED	6,407	6,489	+1.3%
Equity	3,271	3,462	+5.8%
Net Financial Position	3,136	3,027	-3.5%
TOTAL SOURCES	6,407	6,489	+1.3%

Q1 CONSOLIDATED RESULTS

EXTERNAL COSTS



€M



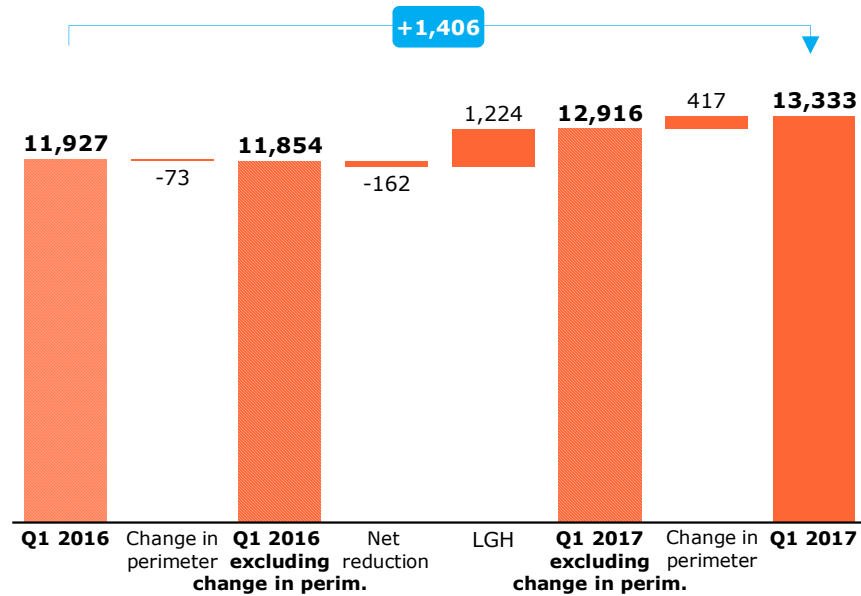
(*) 2017 net of change in perimeter and costs covered by revenues

Q1 CONSOLIDATED RESULTS

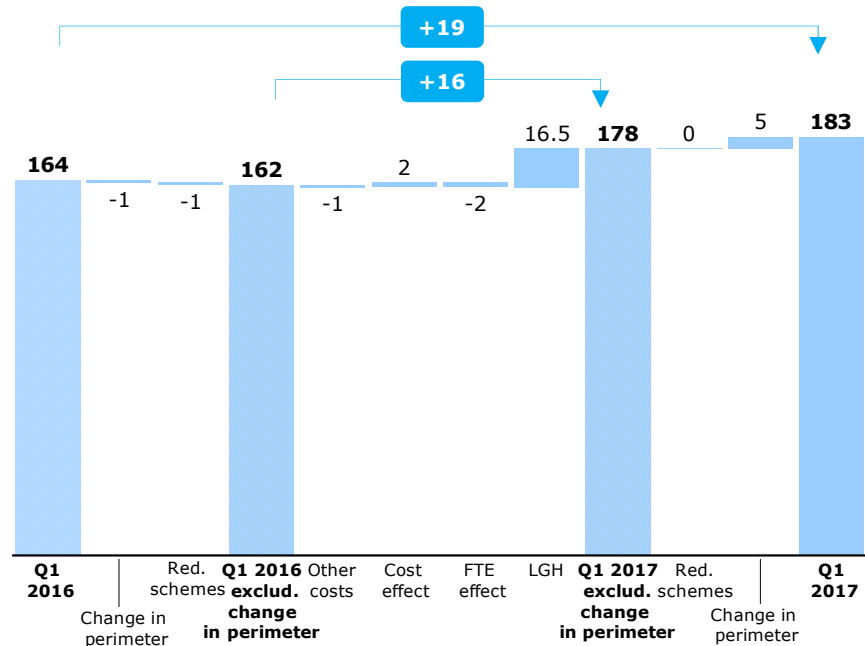
LABOUR COSTS



FTE⁽¹⁾



LABOUR COSTS (€M)



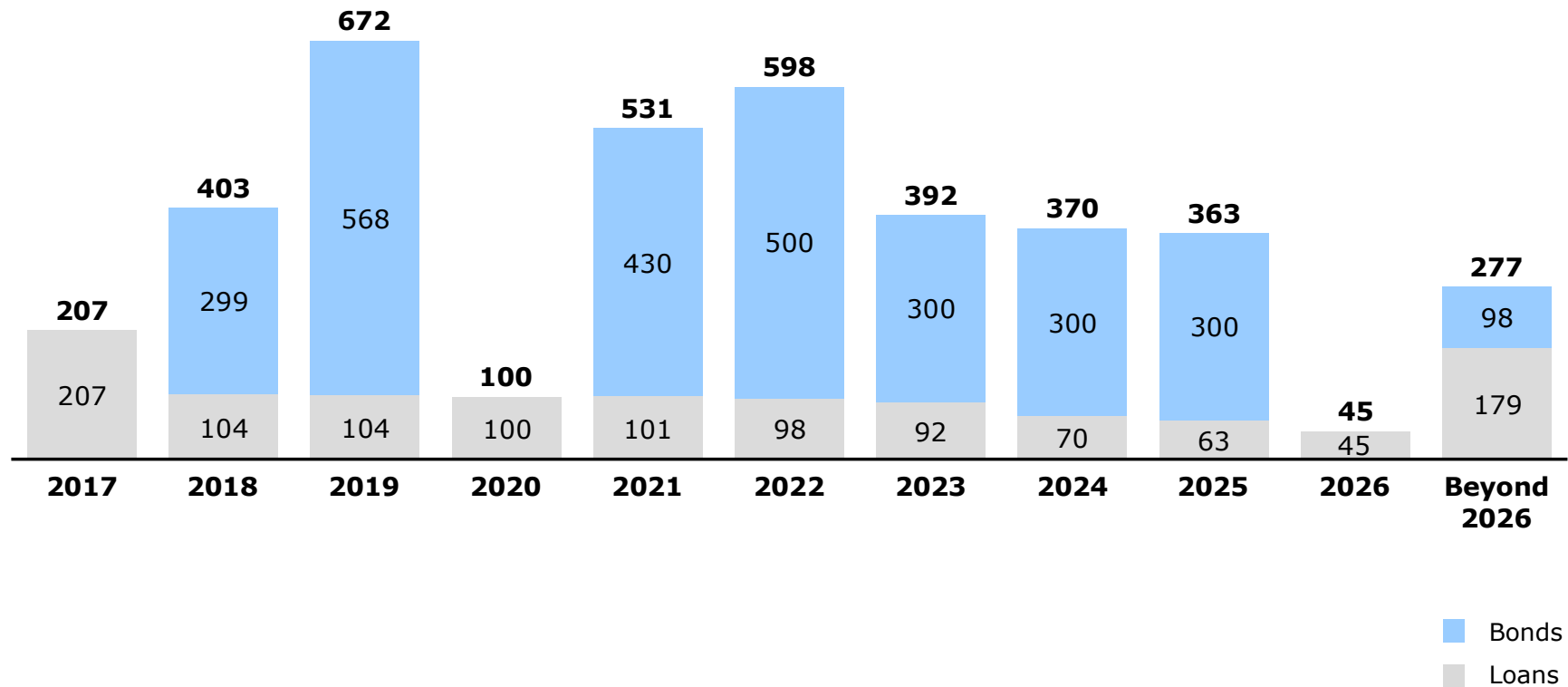
(1) A2A Group's Full Time Equivalent

Q1 CONSOLIDATED RESULTS

GROSS DEBT MATURITIES AS OF 31/03/2017



€M





RELAUNCH

- **Acquisition** of a controlling stake of **ASVT**
- Start up of **A2A Illuminazione Pubblica Srl**
- Submission of the **bid for gas Atem Milano 1**
- **~60,000 increase of mass-market contracts** in the first quarter of 2017
- Successfully completed the first five years of **loyalty program "Chiara2a"** with the subscription of over 280,000 supplies
- Authorization to increase treatment capacity of the Filago WtE up to 10 t/h (+25kt/y)
- Conclusion of the procurement process and contract award for the execution of civil works for the **plastic recovery plant in Cavaglià**
- **LGH**: Waste flows optimization in order to maximize the exploitation of internal assets. Unified coordination of the commercial area and logistic
- **LGH**: Unified coordination of the procurement area
- New separate collection system in Brescia: extension in another zone



REGENERATION

- **Positive EBITDA from CCGT in Q1 2017**
- **"Demothballing" of 400 MW Chivasso CCGT**



RESHAPE

- Supply of 50 electric vehicles in Unareti
- Agreement TIM-A2A to **deploy the fiber optic network in Milan**
- **"Save grape project"**, a smart-agriculture IoT project powered by LGH and A2A Smart City
- **LGH**: Start-up of a solar district heating plant in Lodi



DISCIPLINE, DIALOGUE & DIGITAL

Discipline:

- **All En&A projects on track**, new detailed plan defined in order to achieve 2017 goals
- **In January signing of a key agreement with the Unions**, aimed at harmonizing the collective regulations and strengthening the company identity
- **Lean Project ongoing** in several functional units, many **operational efficiencies** already achieved; full roll-out across the Group including LGH starting in 2017 is being considered
- Management development **"ABC Listening Need Change"**: a new project dedicated to all the employees

Dialogue:

- 1 new multistakeholder forum (Milano) and launch of the platform **www.forumascaltoa2a.eu**
- Banco dell'Energia: the first phase of the call for projects selection (for the most needy families) ended
- Top Utility award 2017 to A2A, for territorial communication

Digital:

- **Customer base migration** (~40,000 POD) from the former Aspem Energia's IT systems into A2A Energia's cost efficient ones
- Unareti and Ld Reti WFM digitalization

ADDITIONAL PROJECTS

A2A has signed a memorandum of understanding with ACSM AGAM, ASPERM, AEVV and Lario Reti Holding to study a business and corporate partnership route

Operational annexes

Q1 CONSOLIDATED RESULTS

VOLUMES



		Q1 2016	Q1 2017	Δ vs 2016	Δ% vs 2016	Q1 2017 LGH	Q1 2017 A2A+LGH	Δ vs 2016	Δ% vs 2016
A2A Group Thermal production	GWh	2.711	3.363	652	24%		3.363	652	24%
<i>of which</i>									
CCGT production	GWh	1.229	2.272	1.043	85%		2.272	1.043	85%
Coal production	GWh	608	518	-90	-15%		518	-90	-15%
Oil production	GWh	626	186	-440	-70%		186	-440	-70%
EPCG production	GWh	248	387	139	56%		387	139	56%
A2A Group Hydro production	GWh	1.510	1.057	-453	-30%	18	1.074	-435	-29%
<i>of which</i>									
A2A production	GWh	942	730	-212	-23%	18	747	-195	-21%
EPCG production	GWh	568	327	-241	-42%		327	-241	-42%
Wholesale electricity sales and Foreign Markets	GWh	1.453	1.898	444	31%	18	1.915	462	32%
Ipex sales ⁽¹⁾	GWh	2.719	2.087	-632	-23%		2.087	-632	-23%
Electricity sales	GWh	2.084	1.889	-195	-9%	166	2.056	-29	-1%
Electricity sales to EPCG customers	GWh	669	650	-19	-3%		650	-19	-3%
Gas sales	Mmc	509	546	36	7%	174	720	211	41%
Electricity distributed	GWh	2.766	2.801	36	1%	111	2.912	146	5%
Gas distributed	Mmc	850	874	25	3%	273	1.147	297	35%
Water distributed	Mmc	16	16	0	2%		16	0	2%
Heat volumes sales	GWht	1.148	1.200	52	5%	125	1.325	177	15%
Cogeneration electricity sales	GWh	100	104	4	4%	40	144	44	44%
Collected waste	Kton	316	325	9	3%	47	372	56	18%
Waste disposal	Kton	614	706	92	15%	176	883	269	44%
WTE and other plants electricity production	GWh	427	398	-29	-7%	54	452	26	6%
WTE and other plants heat production	GWht	520	512	-7	-1%	27	539	20	4%

⁽¹⁾ Net of intermediated Ipex volumes

Q1 CONSOLIDATED RESULTS

ENERGY SCENARIO



Average data		Q1 2016	Q1 2017	Δ % vs 2016
Brent	\$/bbl	35,1	54,7	56%
CO2 - EU ETS cost	€/Tonn	5,7	5,2	-9%
Green Certificates	€/MWh	99,4	0,0	-100%
€/€	€/€	1,1	1,1	-3%
Brent €	€/bbl	31,8	51,4	61%
PSV(1)	€/MWh	14,5	20,4	41%
AEEGSI Gas Tariff (2)	c€/mc	19,0	19,2	1%
Coal € (API2)	€/Tonn	41,1	76,4	86%
PUN baseload(3)	€/MWh	39,6	57,4	45%
PUN peak(3)	€/MWh	45,4	66,4	46%
PUN off-peak(3)	€/MWh	36,4	52,4	44%
CCGT gas cost(4)	€/MWh	35,7	48,9	37%
Spark Spread CCGT_PSV vs Baseload	€/MWh	3,8	8,6	n.a.
Spark Spread CCGT_PSV vs Peakload	€/MWh	9,7	17,5	81%
Spark Spread CCGT_PSV vs Off-Peak	€/MWh	0,6	3,6	n.a.
Clean Spark Spread vs Baseload	€/MWh	1,7	6,6	n.a.
Clean Spark Spread vs Peakload	€/MWh	7,6	15,6	n.a.
Clean Dark Spread vs Baseload(5)	€/MWh	9,1	13,9	52%
Italian electricity demand(6)	TWh	78,5	79,0	1%
Gas demand	Bmc	23,6	25,6	9%

(1) Gas at virtual trading point

(2) Pfor 162/14 Oct 2014-Mar 2016.

(3) hourly average for each month

(4) based on gas at virtual trading point with 51% efficiency; includes transport costs

(5) 35% efficiency - includes cost spread on API2 and transport cost

(6) data subject to update by Terna

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