



# 9M 2020 Consolidated Results



Milan, November 12<sup>th</sup>, 2020

# HIGHLIGHTS

ANALYSIS OF RESULTS

ANNEXES

# GEARING UP FOR THE NEW BUSINESS PLAN



## Main recent achievements:

### September 2020

- Final award of the Milan gas tender by the Council of State
- A2A-SNAM: MoU on hydrogen projects in electricity generation and in distribution networks

### October 2020

- A2A-SUEZ: MoU aimed at creating a new player of excellence in industrial waste treatment
- Acquisition of Agripower, Italian company generating electricity from biogas
- 500 €M twelve-year corporate bond issue with a record low coupon (0.625%)

### November 2020

- A2A-AEB partnership effective as of November 1, 2020

## ! New 10Y Strategic Plan to be presented next January



# Highlights

9M 2020 vs 9M 2019



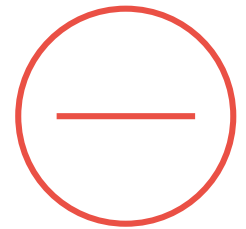
**RETAIL CUSTOMER BASE**  
**B2B ELECTRICITY VOLUMES**  
**WASTE TREATMENT PRICES**  
**WASTE M&A**

**ENERGY SCENARIO**

**RETAIL GAS VOLUMES**

**ELECTRICITY AND GAS ALLOWED REVENUES**

**COVID-19 EMERGENCY**



# COVID 19 – A2A 9M 2020 Exposure



## ACTIVITIES

## ⊖ IMPACTS

## ⊕ MITIGANTS

BU

Generation

- Scenario effect
- Lower contestable demand in 9M 2020 (-7%)

- Effective hedging strategy
- Labor and operating cost reduction

Market

- Lower B2B volumes sold
- Slowdown of commercial development

- Labor and operating cost reduction
- Lower marketing activity

Waste

- Scenario effect
- Lower treated volumes
- Emerging cost Covid related\*

- M&As
- Treatment price
- Labor and operating cost reduction

Networks and DH

- Emerging cost Covid related\*
- Scenario effect on DH
- Lower volumes of water and DH

- Labor and operating cost reduction

LIQUIDITY

- Temporary Working Capital increase due to Covid-19 (about 35 €M) as of 30 Sept. 2020

- Liquidity profile improved by additional 550€M committed credit facilities

**Mitigants mostly offset Covid 19 impacts**

# COVID 19 – A2A ESG Initiatives *ongoing*



March

April

May

Jun

Jul

Aug

Sep

Oct

EMPLOYEES

## Smart Working

Crisis committees and Plan

Centralized management of personal protective equipment (PPE)

Insurance scheme and extension of welfare

Enhancement of IT and security resources

Safety and prevention - Roadmap for a return to premises

Thermal scanners and habitable containers near the main plants

Online training courses and new virtual spaces of social interaction

Prompt tracking - Rapid testing as of October

CUSTOMERS

Close engagement with ARERA, government and other stakeholders

High quality standards of customers service maintained

Full time operating service for clients (call center and web channel)

## More digitalization for the interaction with clients and billing

Suspension of supply cuts and payment reminders

No penalties for payment delays

Flexibility of payment schedules and methods for clients in difficulty

Management of the opening of customer front-offices with safety standards

COMMUNITY

## Strong effort for boosting street cleaning and disinfection

A2A Smart City in cooperation with Italian Civil Protection providing sensors for first aid activities

>2M€ donations for the emergency to the Lombardy territory

Microfinancing for community initiatives to support vulnerable families

Production of valves for emergency masks in Cavaglià treatment plant

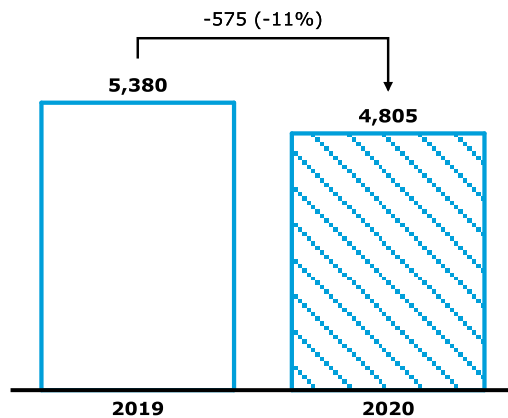
# Highlights

## Key Financial Indicators

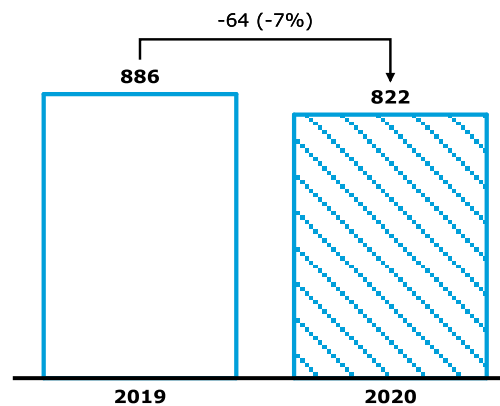


€M

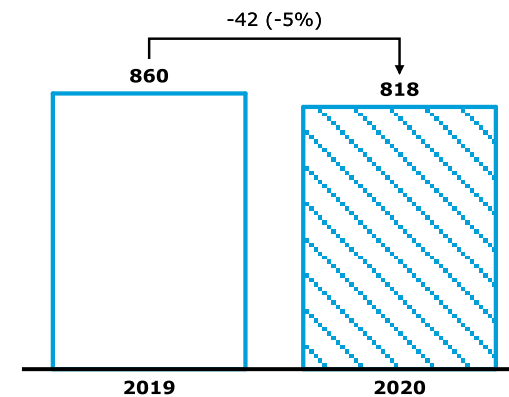
### REVENUES



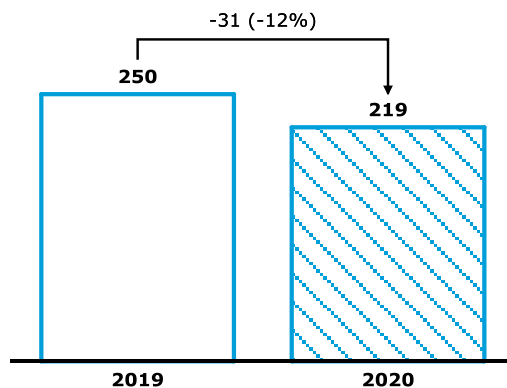
### EBITDA



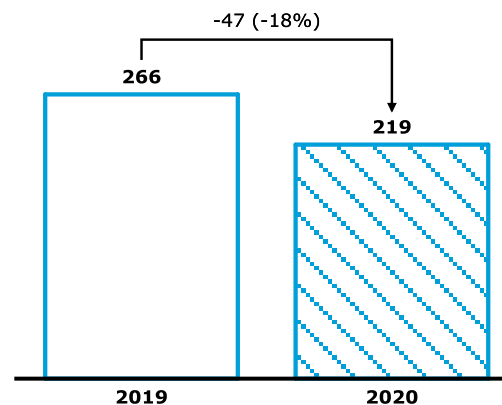
### EBITDA Ordinary



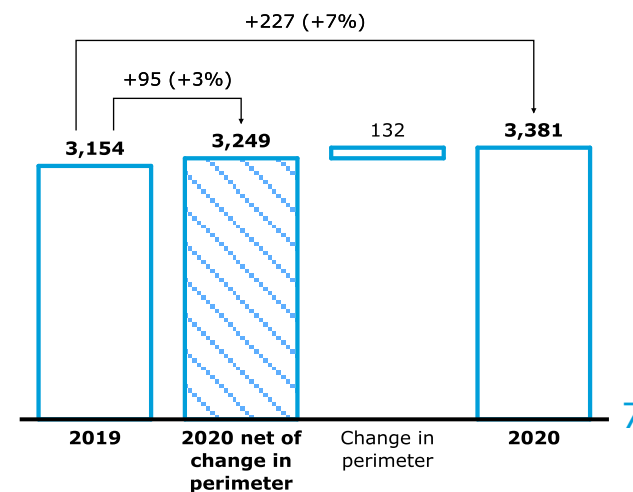
### GROUP NET INCOME



### GROUP Ordinary NET INCOME



### NET FINANCIAL POSITION



AGENDA



HIGHLIGHTS

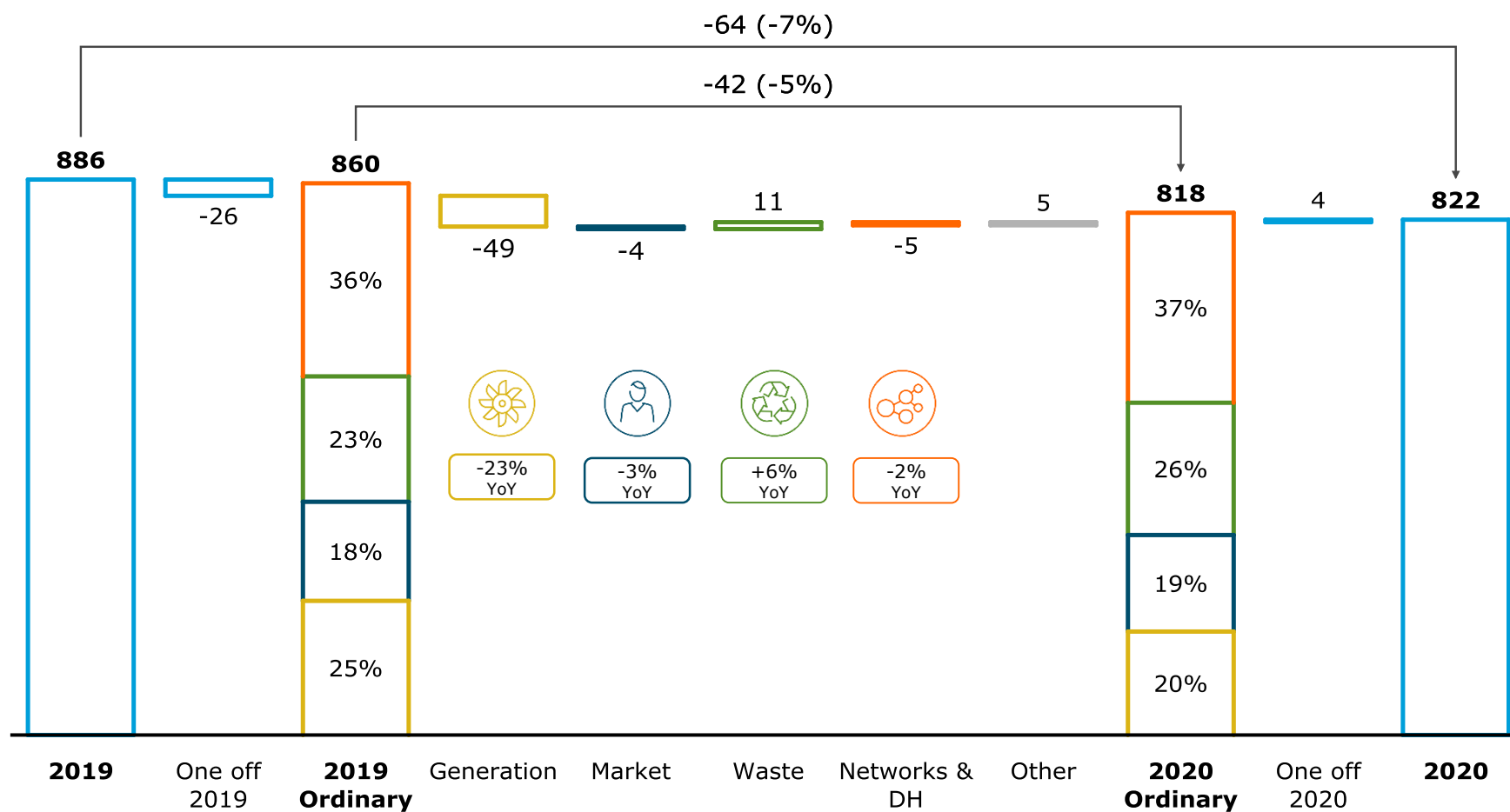
# ANALYSIS OF RESULTS

ANNEXES

# Analysis of results

## Group EBITDA Overview

€M



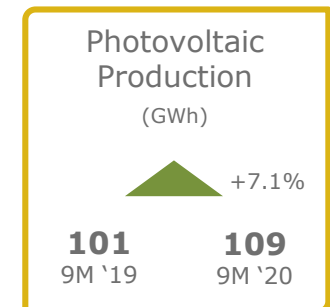
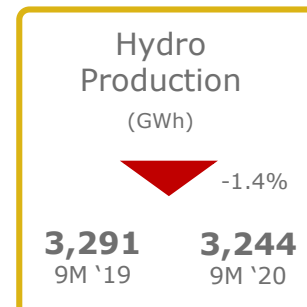
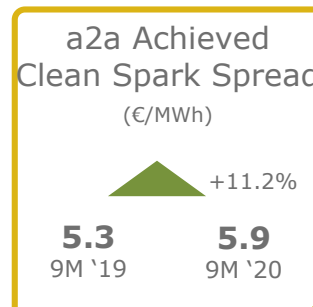
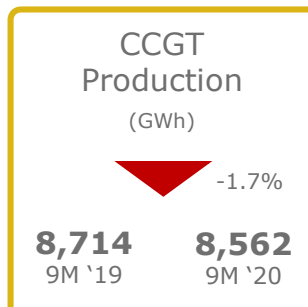
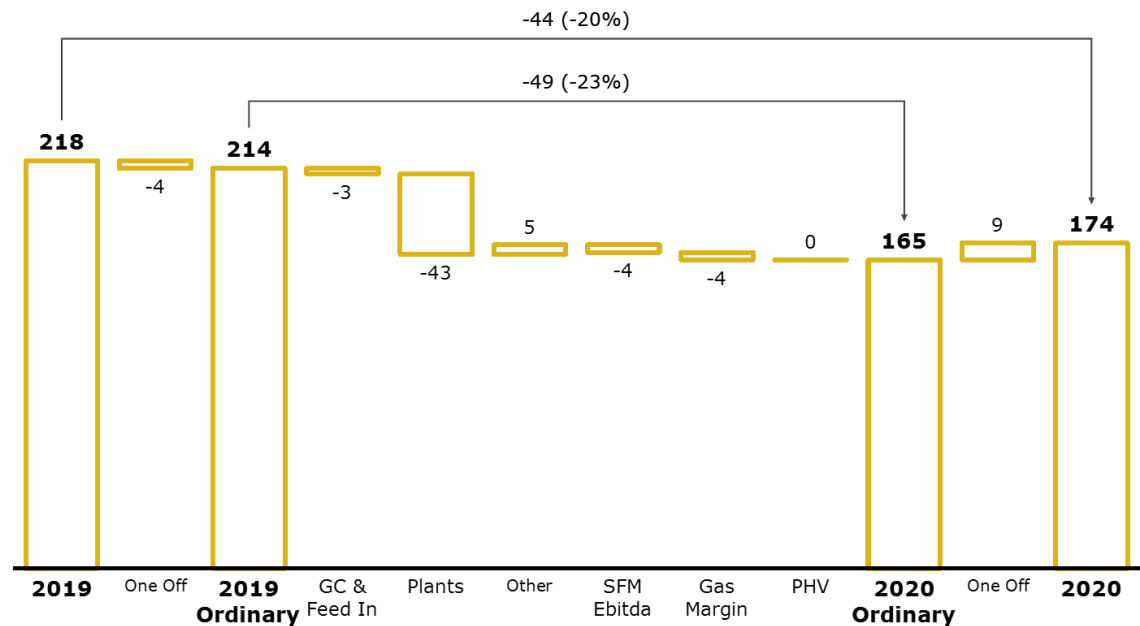
# Analysis of results

## Generation

€M



- Weak energy scenario mostly offset by hedging strategy
- Ancillary services in line with 2019



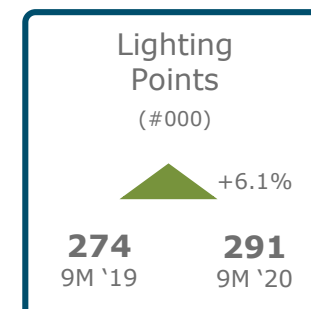
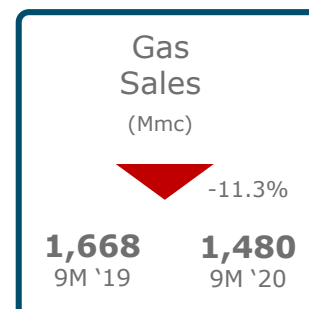
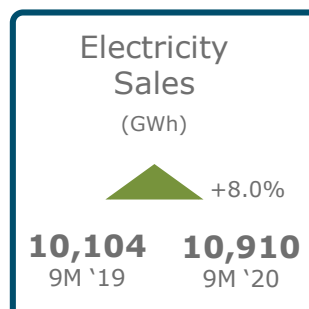
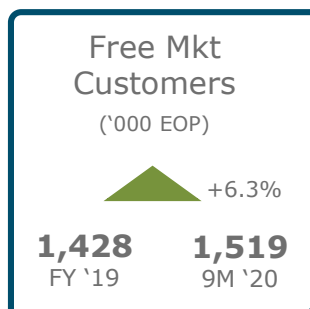
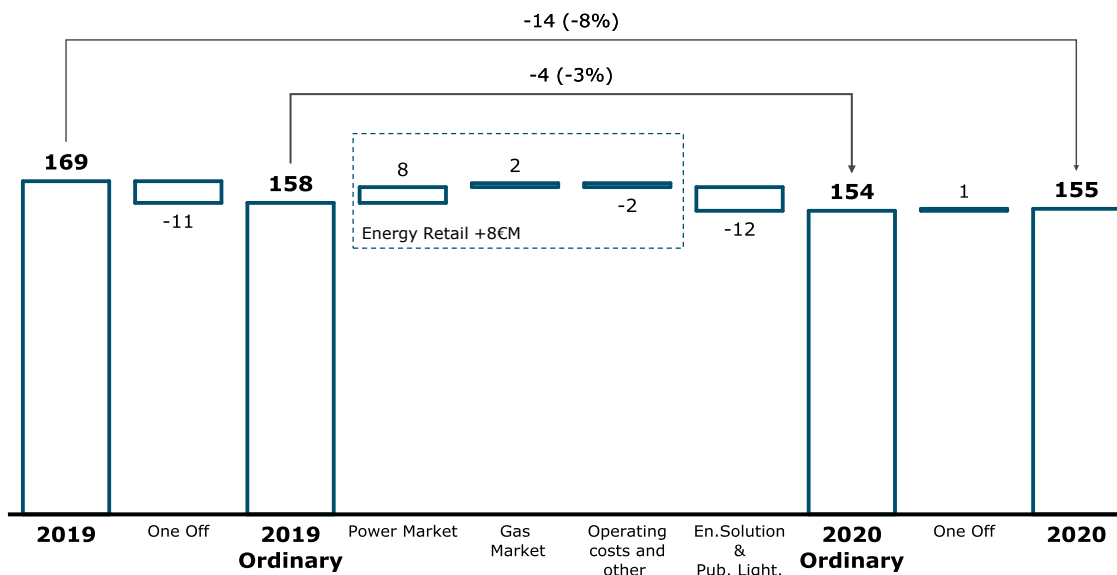
# Analysis of results

## Market

€M



- Free market customer base +91K Vs Dec. 2019
- Strong BtB Ele growth
- Climate & Covid 19 lower gas consumptions
- Energy Solutions: lower White Certificates (timing effect)



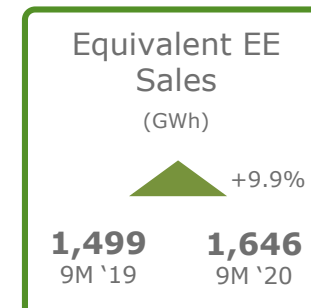
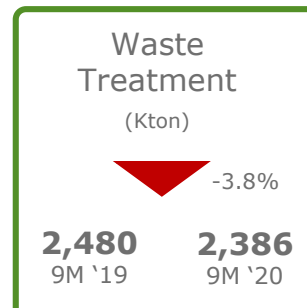
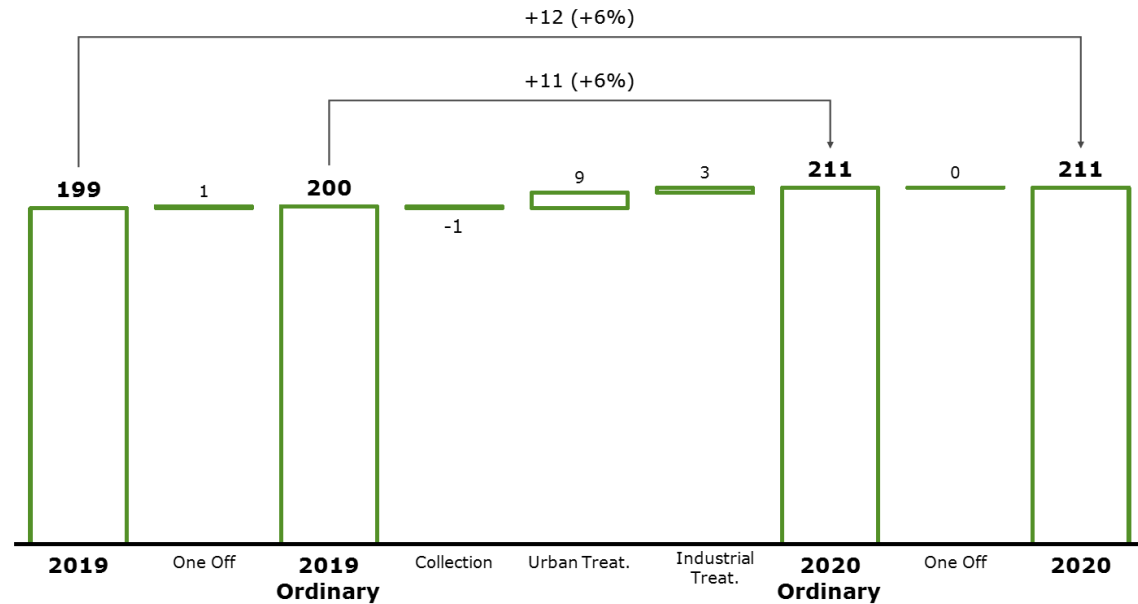
# Analysis of results

## Waste

€M



- Positive treatment prices
- Higher electricity volumes
- Lower electricity prices
- M&A: Electrometal and Agritre



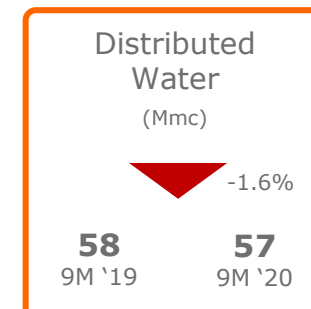
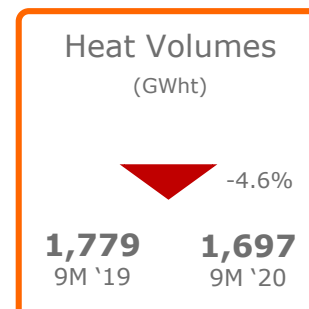
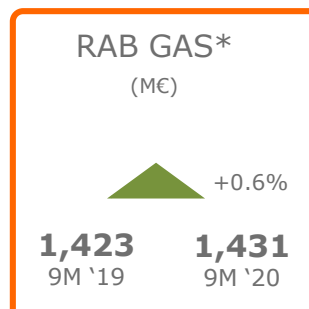
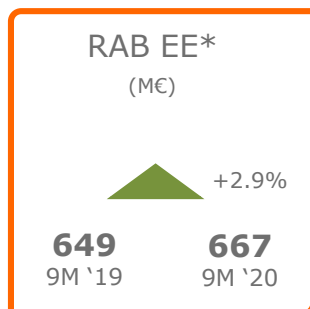
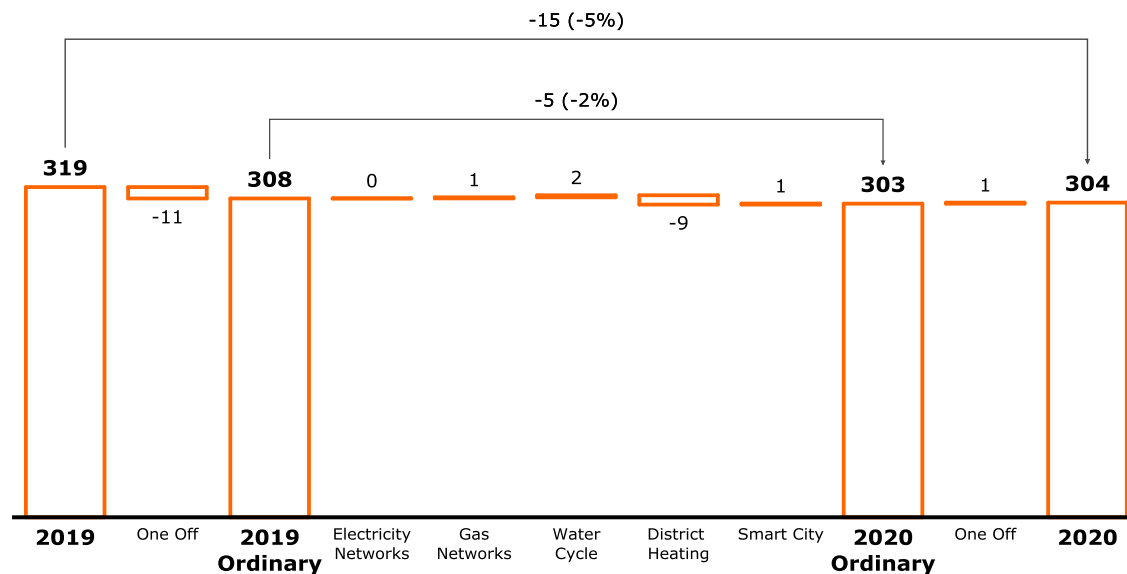
# Analysis of results

## Networks and District Heating

€M



- Electricity & Gas Networks: lower allowed revenues
- District Heating:
  - climate and Covid-19 negative impact on volumes
  - negative scenario

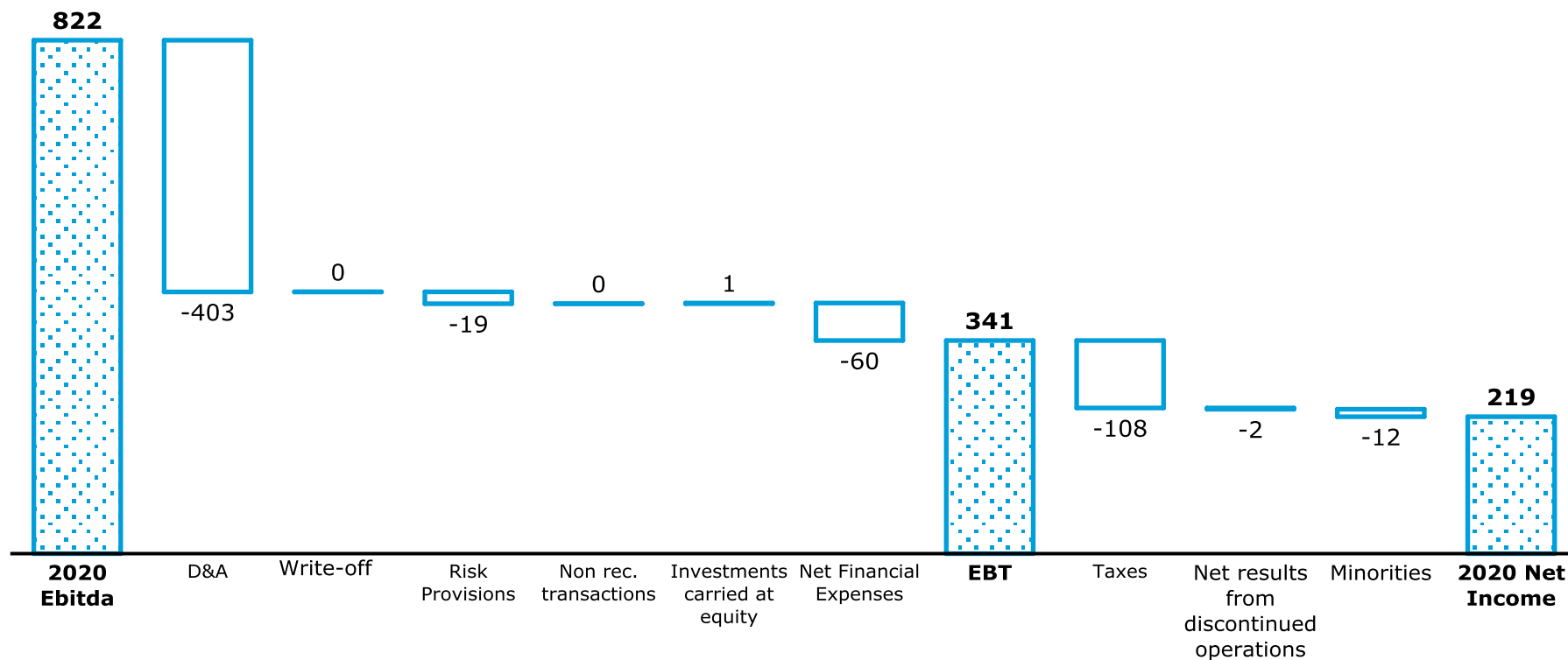


\* Provisional data, underlying the estimate of allowed revenues of the period.

# Analysis of results

## From EBITDA to Group Net Income

€M



2019

886

(370)

(43)

(21)

-

4

(93)

363

(118)

1

4

250

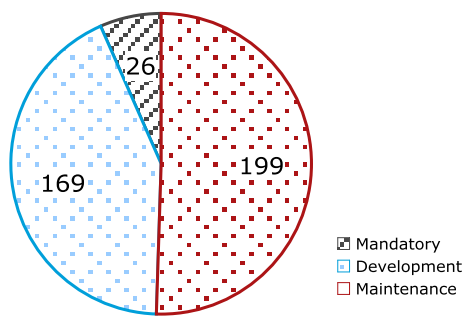
# Analysis of results

Capex

€M

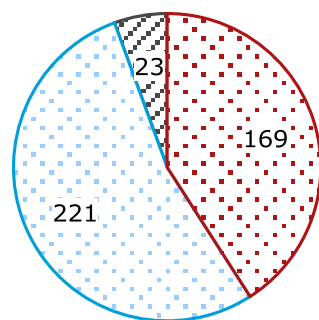


## BREAKDOWN BY ACTIVITY



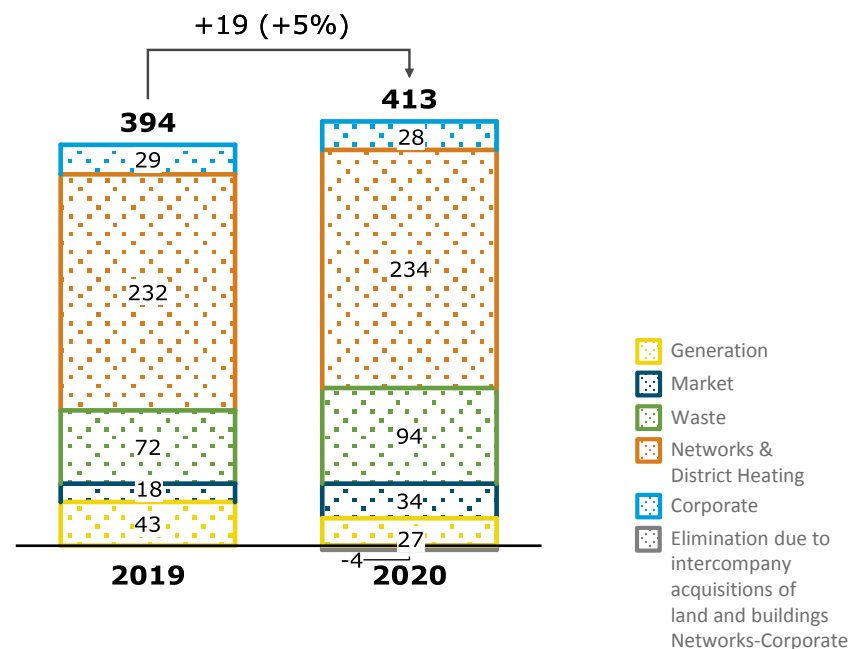
2019  
394 €M

+19 €M



2020  
413 €M

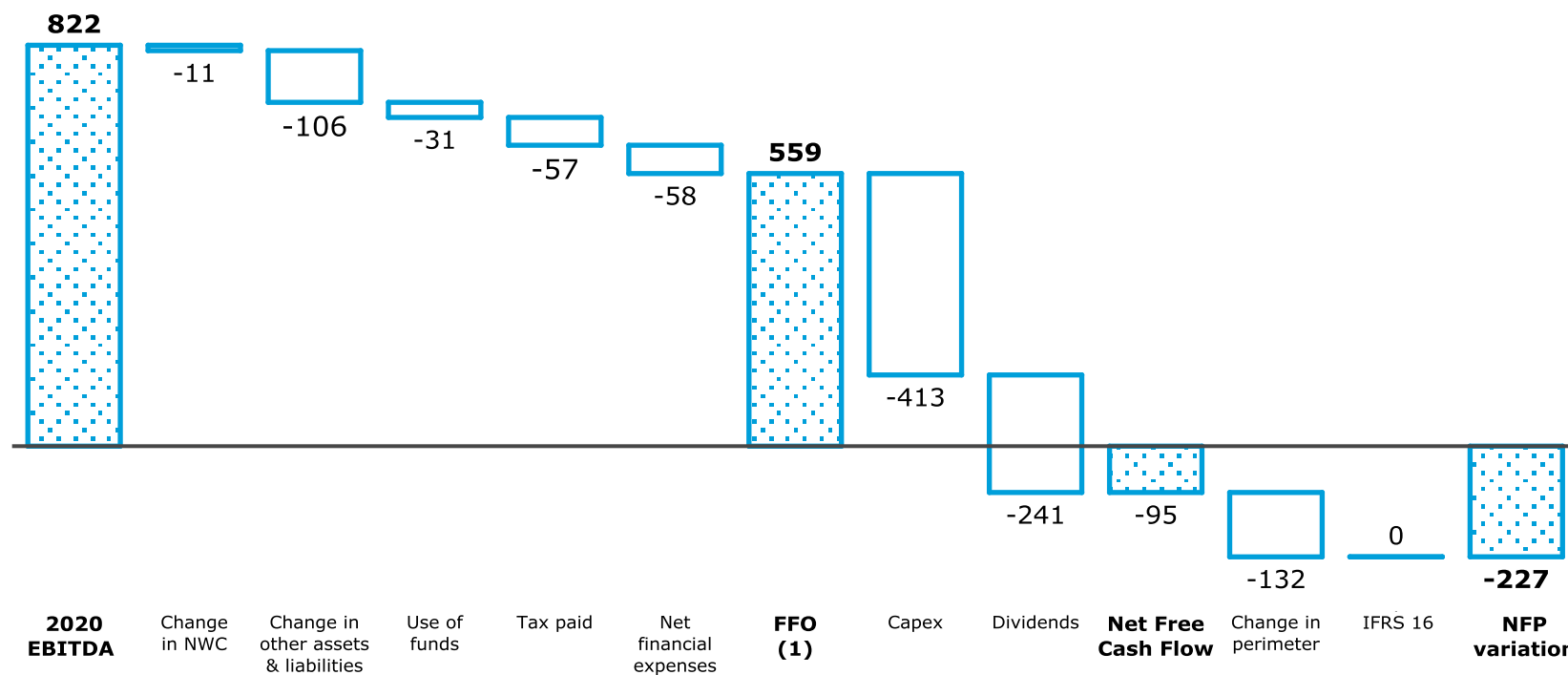
## BREAKDOWN BY BUSINESS



# Analysis of results

## Net Free Cash Flow

€M



2019

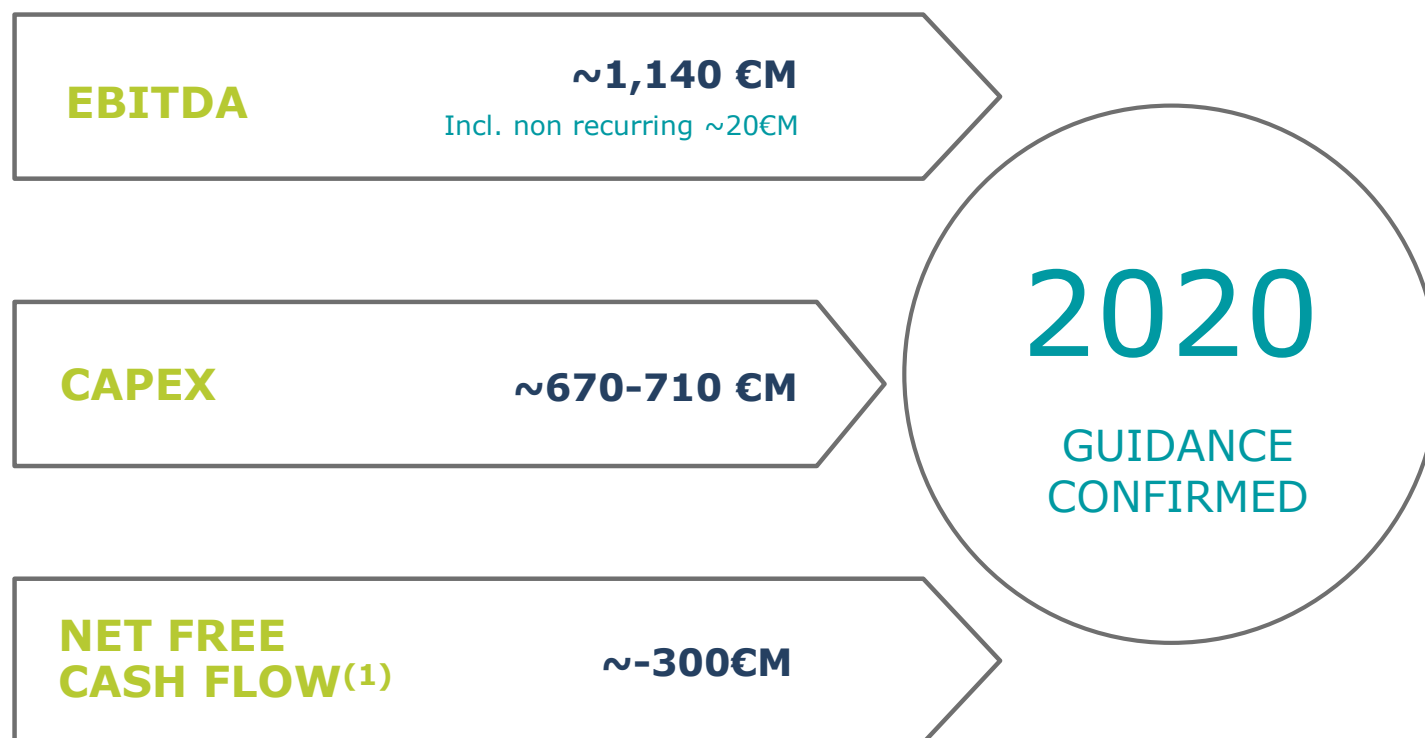
|     |      |      |      |       |      |     |       |       |      |    |       |       |
|-----|------|------|------|-------|------|-----|-------|-------|------|----|-------|-------|
| 886 | (61) | (80) | (26) | (124) | (56) | 539 | (394) | (218) | (73) | 75 | (109) | (107) |
|-----|------|------|------|-------|------|-----|-------|-------|------|----|-------|-------|

(1) Funds from operations after working capital change

# Analysis of results

## 2020 Guidance

€M



<sup>(1)</sup> Excluding M&A impact

AGENDA



HIGHLIGHTS

ANALYSIS OF RESULTS

ANNEXES

# Annexes

## Business Units EBITDA Breakdown



€M

|                                                                                                                         | 2019       |            | 2020       |            | Change     |             |            |             |
|-------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|-------------|------------|-------------|
|                                                                                                                         | Reported   | Ordinary   | Reported   | Ordinary   | Reported   |             | Ordinary   |             |
| <b>a2a</b>                                                                                                              | <b>886</b> | <b>860</b> | <b>822</b> | <b>818</b> | <b>-64</b> | <b>-7%</b>  | <b>-42</b> | <b>-5%</b>  |
|  <b>Generation</b>                      | <b>218</b> | <b>214</b> | <b>174</b> | <b>165</b> | <b>-44</b> | <b>-20%</b> | <b>-49</b> | <b>-23%</b> |
| Power Generation                                                                                                        | 181        | 177        | 141        | 132        | -40        | -22%        | -45        | -25%        |
| Gas Margin                                                                                                              | 12         | 12         | 8          | 8          | -4         | -33%        | -4         | -33%        |
| Photovoltaic                                                                                                            | 25         | 25         | 25         | 25         | +0         | +0%         | +0         | +0%         |
|  <b>Market</b>                          | <b>169</b> | <b>158</b> | <b>155</b> | <b>154</b> | <b>-14</b> | <b>-8%</b>  | <b>-4</b>  | <b>-3%</b>  |
| Energy Retail                                                                                                           | 151        | 140        | 149        | 148        | -2         | -1%         | +8         | +6%         |
| Public Lighting                                                                                                         | 13         | 13         | 10         | 10         | -3         | -23%        | -3         | -23%        |
| Energy Solutions                                                                                                        | 5          | 5          | -4         | -4         | -9         | n.s.        | -9         | n.s.        |
|  <b>Waste</b>                           | <b>199</b> | <b>200</b> | <b>211</b> | <b>211</b> | <b>+12</b> | <b>+6%</b>  | <b>+11</b> | <b>+6%</b>  |
| Collection                                                                                                              | 49         | 50         | 49         | 49         | +0         | +0%         | -1         | -2%         |
| Urban Treatment                                                                                                         | 134        | 134        | 143        | 143        | +9         | +7%         | +9         | +7%         |
| Industrial Treatment                                                                                                    | 16         | 16         | 19         | 19         | +3         | +19%        | +3         | +19%        |
|  <b>Networks &amp; District Heating</b> | <b>319</b> | <b>308</b> | <b>304</b> | <b>303</b> | <b>-15</b> | <b>-5%</b>  | <b>-5</b>  | <b>-2%</b>  |
| Electricity Networks                                                                                                    | 108        | 97         | 97         | 97         | -11        | -10%        | +0         | +0%         |
| Gas Networks                                                                                                            | 111        | 111        | 113        | 112        | +2         | +2%         | +1         | +1%         |
| Water Cycle                                                                                                             | 41         | 41         | 43         | 43         | +2         | +5%         | +2         | +5%         |
| District Heating                                                                                                        | 53         | 53         | 44         | 44         | -9         | -17%        | -9         | -17%        |
| Smart City                                                                                                              | 6          | 6          | 7          | 7          | +1         | +17%        | +1         | +17%        |
|  <b>Other</b>                         | <b>-19</b> | <b>-20</b> | <b>-22</b> | <b>-15</b> | <b>-3</b>  | <b>16%</b>  | <b>+5</b>  | <b>-25%</b> |
| Corporate and Other                                                                                                     | -19        | -20        | -22        | -15        | -3         | +16%        | +5         | -25%        |

# Annexes

## P&L

€M



|                                  | 9M 2019      | 9M 2020      | Change vs 2019 | Change % vs 2019 |
|----------------------------------|--------------|--------------|----------------|------------------|
| <b>Revenues</b>                  | <b>5,380</b> | <b>4,805</b> | <b>(575)</b>   | <b>-10.7%</b>    |
| <b>EBITDA</b>                    | <b>886</b>   | <b>822</b>   | <b>(64)</b>    | <b>-7.2%</b>     |
| D&A                              | (370)        | (403)        | (33)           | 8.9%             |
| Write-off                        | (43)         | 0            | 43             | n.s.             |
| Provisions                       | (21)         | (19)         | 2              | -9.5%            |
| <b>EBIT</b>                      | <b>452</b>   | <b>400</b>   | <b>(52)</b>    | <b>-11.5%</b>    |
| Net Financial Expenses           | (93)         | (60)         | 33             | -35.5%           |
| Associates & JV                  | 4            | 1            | (3)            | n.s.             |
| <b>EBT</b>                       | <b>363</b>   | <b>341</b>   | <b>(22)</b>    | <b>-6.1%</b>     |
| Taxes                            | (118)        | (108)        | 10             | -8.5%            |
| Net Result from disc. operations | 1            | (2)          | (3)            | n.s.             |
| Minorities                       | 4            | (12)         | (16)           | n.s.             |
| <b>Group Net Income</b>          | <b>250</b>   | <b>219</b>   | <b>(31)</b>    | <b>-12.4%</b>    |

# Annexes

## Balance Sheet



€M

|                                                                 | 12.31.2019   | 09.30.2019   | 09.30.2020   | Change Vs<br>12.31.2019 | Change Vs<br>09.30.2019 |
|-----------------------------------------------------------------|--------------|--------------|--------------|-------------------------|-------------------------|
| Tangible Assets                                                 | 4,869        | 4,679        | 4,934        | 65                      | 255                     |
| Intangible Assets                                               | 2,379        | 2,368        | 2,503        | 124                     | 135                     |
| Shareholdings and Other Non<br>Current Financial Assets         | 45           | 34           | 40           | (5)                     | 6                       |
| Other Non Current<br>Assets/Liabilities                         | (117)        | (127)        | (119)        | (2)                     | 8                       |
| Deferred Tax Assets and<br>Liabilities                          | 277          | 287          | 272          | (5)                     | (15)                    |
| Provisions for Risks, Charges<br>and Liabilities for landfills  | (676)        | (638)        | (683)        | (7)                     | (45)                    |
| Employee Benefits                                               | (307)        | (317)        | (283)        | 24                      | 34                      |
| <b>Net Fixed Capital</b>                                        | <b>6,470</b> | <b>6,286</b> | <b>6,664</b> | <b>194</b>              | <b>378</b>              |
| Net Working Capital                                             | 555          | 616          | 566          | 11                      | (50)                    |
| Other Current<br>Asset / Liabilities                            | (277)        | (287)        | (230)        | 47                      | 57                      |
| Current Tax<br>Asset / Liabilities                              | 57           | 6            | 2            | (55)                    | (4)                     |
| <b>Working Capital and Other<br/>Current Assets/Liabilities</b> | <b>335</b>   | <b>335</b>   | <b>338</b>   | <b>3</b>                | <b>3</b>                |
| Non current Assets /Liabilities<br>held for sale                | 0            | 18           | 20           | 20                      | 2                       |
| <b>Total Capital Employed</b>                                   | <b>6,805</b> | <b>6,639</b> | <b>7,022</b> | <b>217</b>              | <b>383</b>              |
| Equity                                                          | 3,651        | 3,510        | 3,641        | (10)                    | 131                     |
| Net Financial Position                                          | 3,154        | 3,129        | 3,381        | 227                     | 252                     |
| <b>Total Sources</b>                                            | <b>6,805</b> | <b>6,639</b> | <b>7,022</b> | <b>217</b>              | <b>383</b>              |

|                                          |        | 9M 2019 | 9M 2020 | Δ % vs 2019 |
|------------------------------------------|--------|---------|---------|-------------|
| <b>Brent</b>                             | \$/bbl | 64.7    | 42.6    | -34%        |
| <b>CO2 - EU ETS cost</b>                 | €/Tonn | 24.9    | 23.8    | -4%         |
| <b>€/ \$</b>                             | €/ \$  | 1.1     | 1.1     | 0%          |
| <b>Brent €</b>                           | €/bbl  | 57.6    | 37.9    | -34%        |
| <b>PSV(1)</b>                            | €/MWh  | 16.5    | 9.0     | -46%        |
| <b>AEEGSI Gas Tariff (2)</b>             | c€/mc  | 20.2    | 11.4    | -44%        |
| <b>Coal € (API2)</b>                     | €/Tonn | 55.6    | 42.2    | -24%        |
| <b>PUN Baseload(3)</b>                   | €/MWh  | 53.8    | 35.6    | -34%        |
| <b>PUN Peak(3)</b>                       | €/MWh  | 58.9    | 39.9    | -32%        |
| <b>PUN Off-Peak(3)</b>                   | €/MWh  | 50.9    | 33.2    | -35%        |
| <b>CCGT gas cost(4)</b>                  | €/MWh  | 40.4    | 24.7    | -39%        |
| <b>Spark Spread CCGT_PSV vs Baseload</b> | €/MWh  | 13.4    | 10.9    | -19%        |
| <b>Spark Spread CCGT_PSV vs Peakload</b> | €/MWh  | 18.6    | 15.2    | -18%        |
| <b>Spark Spread CCGT_PSV vs Off-Peak</b> | €/MWh  | 10.5    | 8.5     | -20%        |
| <b>Clean Spark Spread vs Baseload</b>    | €/MWh  | 3.5     | 1.4     | -60%        |
| <b>Clean Spark Spread vs Peakload</b>    | €/MWh  | 8.6     | 5.7     | -34%        |
| <b>Clean Dark Spread vs Baseload(5)</b>  | €/MWh  | -0.8    | -16.2   | n.s.        |

(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

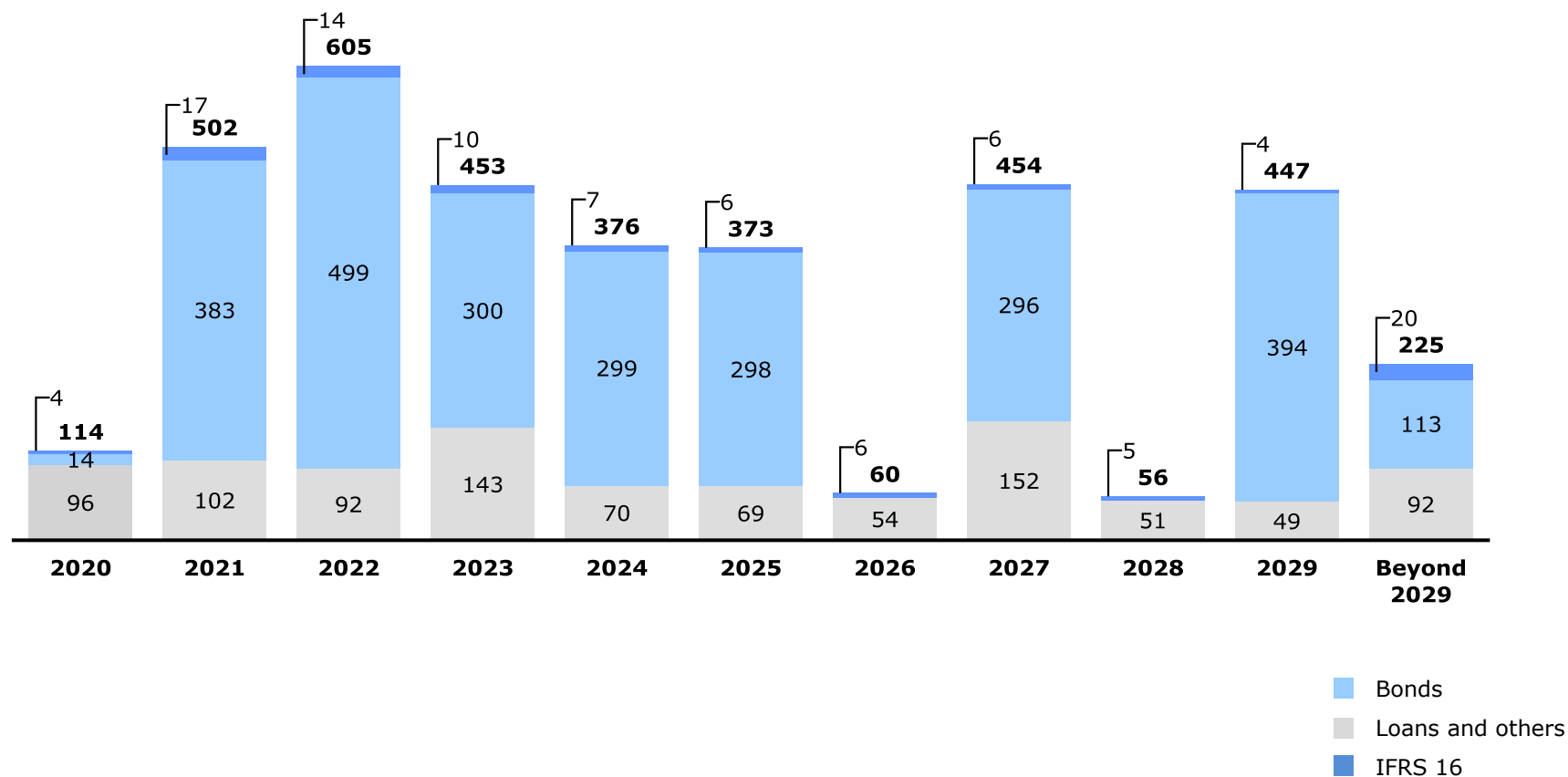
(5) 35% efficiency - includes cost spread on API2 and transport cost

|                                             |      | 9M 2019 | 9M 2020 | Δ vs 2019 | Δ% vs 2019 |
|---------------------------------------------|------|---------|---------|-----------|------------|
| A2A Group Thermal production                | GWh  | 9,946   | 9,155   | -791      | -8%        |
| <i>of which</i>                             |      |         |         |           |            |
| CCGT production                             | GWh  | 8,714   | 8,562   | -152      | -2%        |
| Coal production                             | GWh  | 716     | 114     | -602      | -84%       |
| Oil production                              | GWh  | 516     | 480     | -37       | -7%        |
| A2A Group Hydro production                  | GWh  | 3,291   | 3,244   | -47       | -1%        |
| A2A Group Photovoltaic production           | GWh  | 101     | 109     | 7         | 7%         |
| Electricity sales                           | GWh  | 10,104  | 10,910  | 806       | 8%         |
| Gas sales                                   | Mmc  | 1,668   | 1,480   | -188      | -11%       |
| Electricity distributed                     | GWh  | 8,830   | 7,865   | -965      | -11%       |
| Gas distributed                             | Mmc  | 1,975   | 1,843   | -132      | -7%        |
| Water distributed                           | Mmc  | 58      | 57      | -1        | -2%        |
| Heat volumes sales                          | GWht | 1,779   | 1,697   | -82       | -5%        |
| Cogeneration electricity sales              | GWh  | 209     | 195     | -14       | -7%        |
| Collected waste                             | Kton | 1,263   | 1,214   | -49       | -4%        |
| Waste disposal                              | Kton | 2,480   | 2,386   | -95       | -4%        |
| WTE and other plants electricity production | GWh  | 1,323   | 1,475   | 151       | 11%        |
| WTE and other plants heat production        | GWht | 992     | 970     | -22       | -2%        |

# Annexes

## Gross debt maturities as of 30 September 2020

€M



# CONTACTS



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