



H1 2020 Consolidated Results



Milan, July 30th, 2020

HIGHLIGHTS

ANALYSIS OF RESULTS

ANNEXES

Highlights

H1 2020 vs H1 2019



RETAIL CUSTOMER BASE
B2B ELECTRICITY VOLUMES
WASTE TREATMENT PRICES
WASTE M&A
LOWER OPERATING COSTS

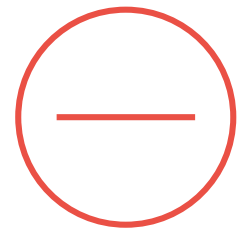
ENERGY SCENARIO

RETAIL GAS VOLUMES

ELECTRICITY AND GAS ALLOWED REVENUES

WATER CYCLE & DH VOLUMES

COVID-19 EMERGENCY



COVID 19 – A2A 2020 Exposure



ACTIVITIES

⊖ IMPACTS

⊕ MITIGANTS

BU

Generation

- Scenario effect
- Lower contestable demand (-4% Jul-Dec)

- 69% production hedged (Jul-Dec)
- Labor and operating cost reduction

Market

- Lower energy volumes (B2B)
- Slowdown of commercial development

- Labor and operating cost reduction
- Lower marketing activity

Waste

- Lower volumes of waste treated (about -2%)
- 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 distributed

- Labor and operating cost reduction
- Positive allowed tariffs adjustments related to previous years

LIQUIDITY

- Temporary Working Capital expected increase due to Covid (about 100 €M) as of Dec 31, 2020

- Liquidity profile improved by additional 550 €M committed credit facilities (of which 400 €M still unused)

Mitigants expected to mostly offset Covid 19 impacts

COVID 19 – A2A ESG Initiatives



EMPLOYEES

- ✓ Extension of Smart Working to over 4,500 employees
- ✓ Prompt creation of a centralized Committee for Business continuity and BU Committees
- ✓ Enhancement of IT and security resources
- ✓ Certification by third-party on anti-COVID protocols and their application
- ✓ Centralized purchase and management of DPIs
- ✓ Thermal scanners and habitable containers near the main plants to ensure business continuity
- ✓ Restrictions on access to workplaces and sanitization
- ✓ Prompt tracking of positive cases and their contacts pursuant with triage standard protocols
- ✓ Guidelines for a gradual return to work premises compliant with the highest safety standards
- ✓ Insurance scheme for the employees hit by the emergency and economic benefits for their families
- ✓ Solidarity fund for COVID-19 victims
- ✓ Crisis management plan dedicated to all employees, multi-channel and multi-target
- ✓ New virtual spaces of social interaction for more than 5,000 employees

CUSTOMERS

- ✓ High quality standards of customers service maintained
- ✓ Full time operating service for clients via remote call center and web channel
- ✓ Gradual re-opening of customer front-offices compliant with the highest safety standards
- ✓ Promotion of digital means for the interaction with clients and billing
- ✓ Specific sections for clients on the operating company web sites – real time updates
- ✓ Close engagement with ARERA, government and other stakeholders
- In phase 1, the following benefits introduced by ARERA were anticipated and extended:
 1. Suspension of supply cuts and payment reminders
 2. No penalties for payment delays
 3. Flexibility of payment schedules and methods for clients in difficulty

COMMUNITY

- ✓ Production of valves for emergency masks in Cavaglià treatment plant
- ✓ Strong effort for boosting street cleaning and disinfection
- ✓ A2A Smart City in cooperation with Italian Civil Protection providing sensors for first aid activities
- ✓ >2€M donations for the emergency to the Lombardy territory
- ✓ Microfinancing for community initiatives to support vulnerable family situations

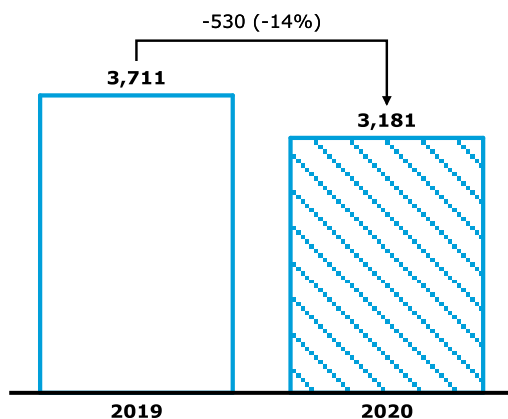
Highlights

Key Financial Indicators

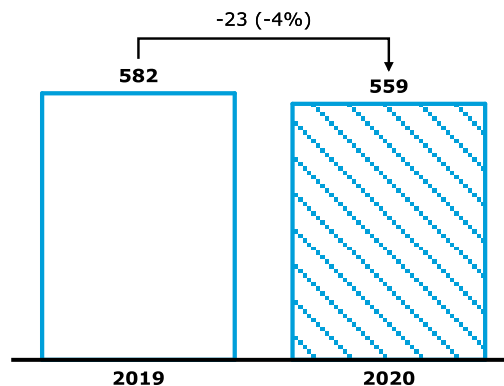


€M

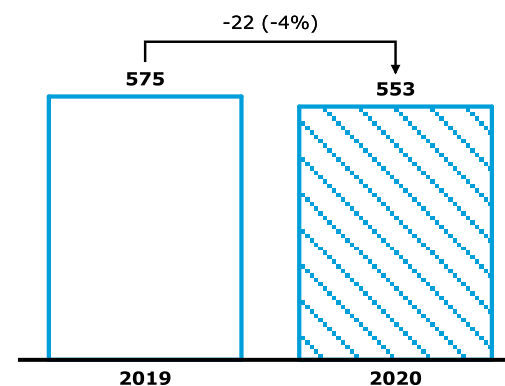
REVENUES



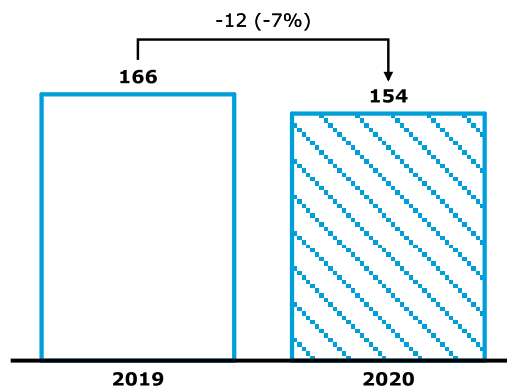
EBITDA



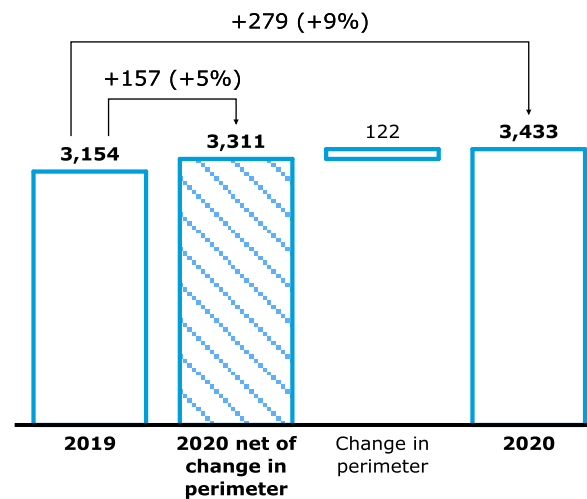
EBITDA Ordinary



GROUP NET INCOME



NET FINANCIAL POSITION



AGENDA



HIGHLIGHTS

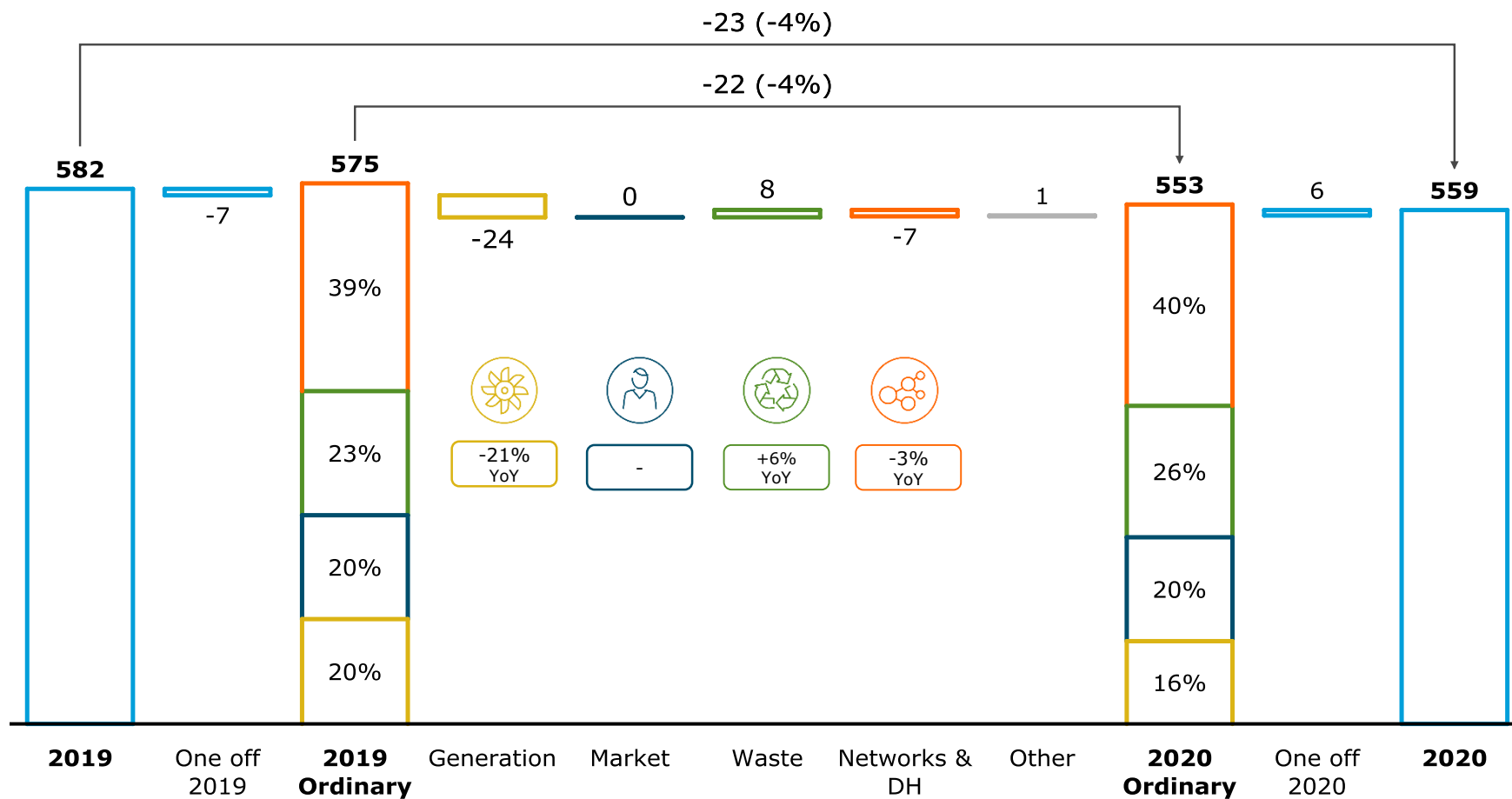
ANALYSIS OF RESULTS

ANNEXES

Analysis of results

Group EBITDA Overview

€M



Analysis of results

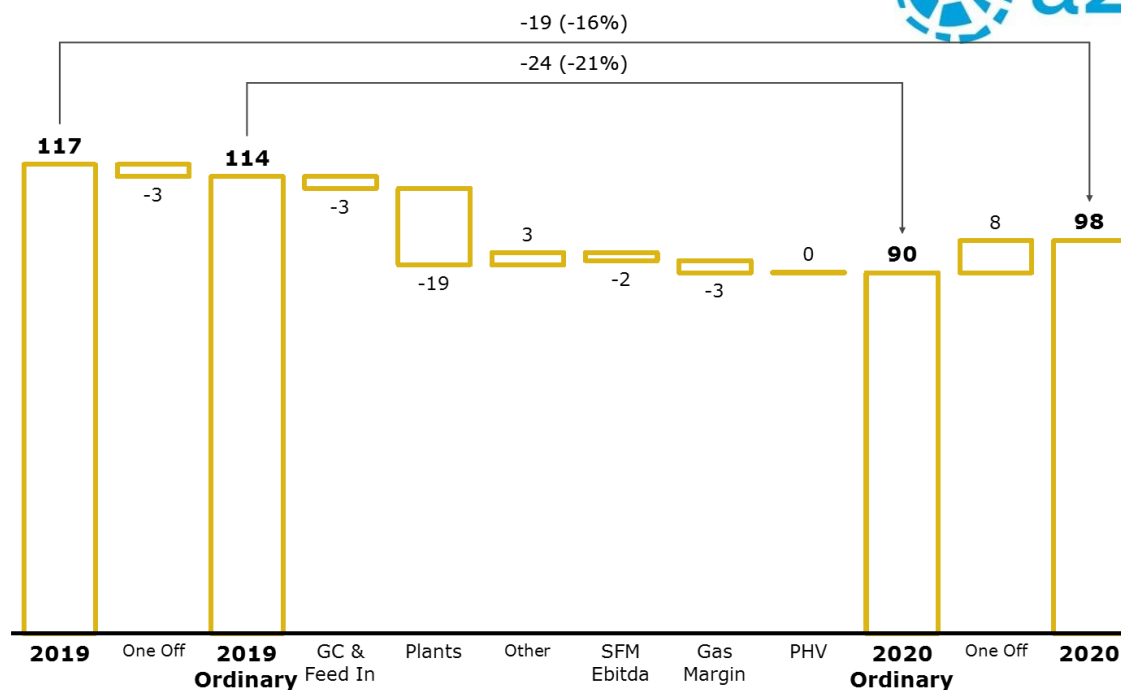
Generation

€M



Weak energy scenario and demand reduction in H1 2020, emphasised by Covid-19 emergency, offset by:

- Hedging strategy
- Positive ancillary services
- Higher hydroelectric productions
- Operating costs reduction



CCGT
Production
(GWh)



-8.0%

4,952

H1 '19

4,554

H1 '20

a2a Achieved
Clean Spark Spread
(€/MWh)



+53.1%

3.0

H1 '19

4.7

H1 '20

Hydro
Production
(GWh)



+3.0%

1,857

H1 '19

1,912

H1 '20

Photovoltaic
Production
(GWh)



+9.8%

61

H1 '19

67

H1 '20

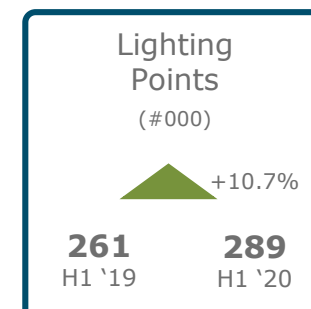
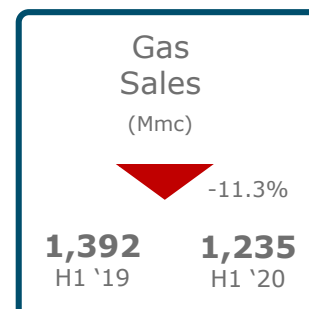
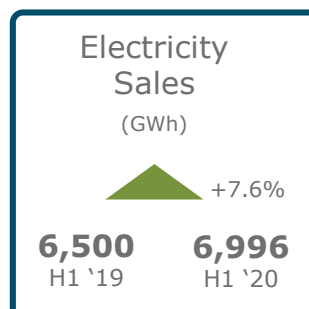
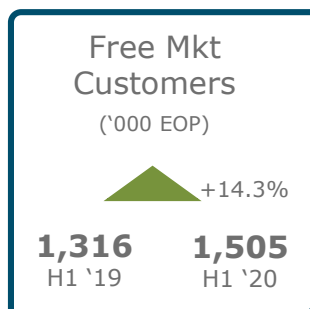
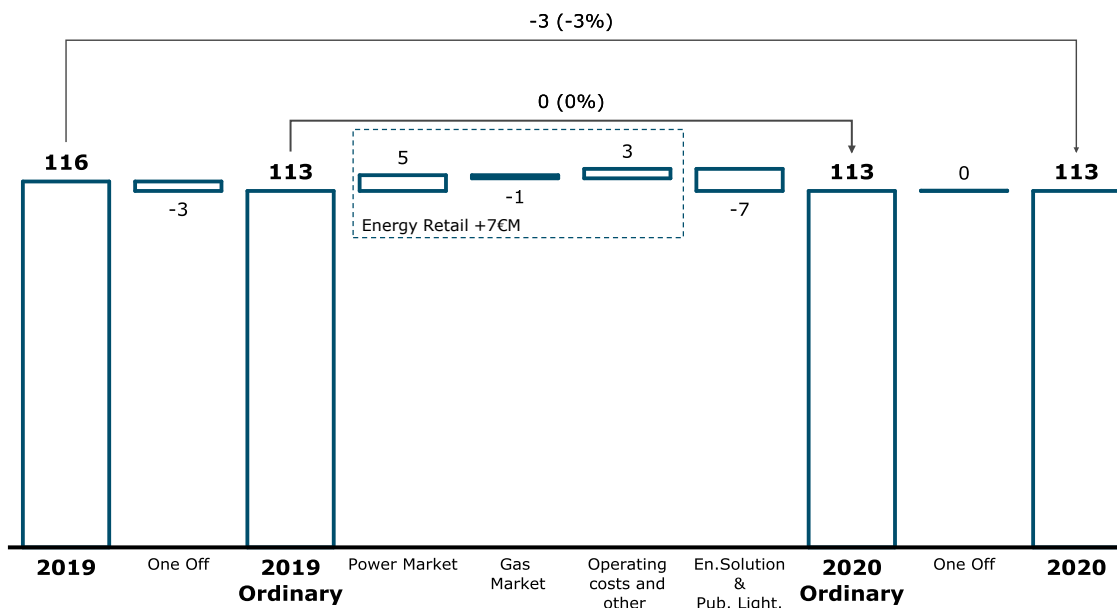
Analysis of results

Market

€M



- Free market customer base +76K Vs Dec. 2019
- Higher volumes on electricity B2B, partially offset by lower gas consumptions due to climate and Covid-19 lockdown
- Operating costs reduction
- Energy Solutions: lower White Certificates



Analysis of results

Waste

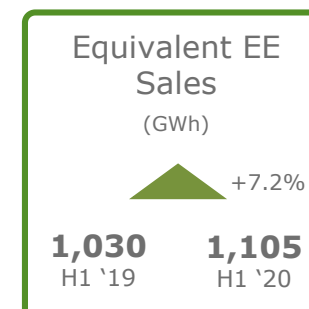
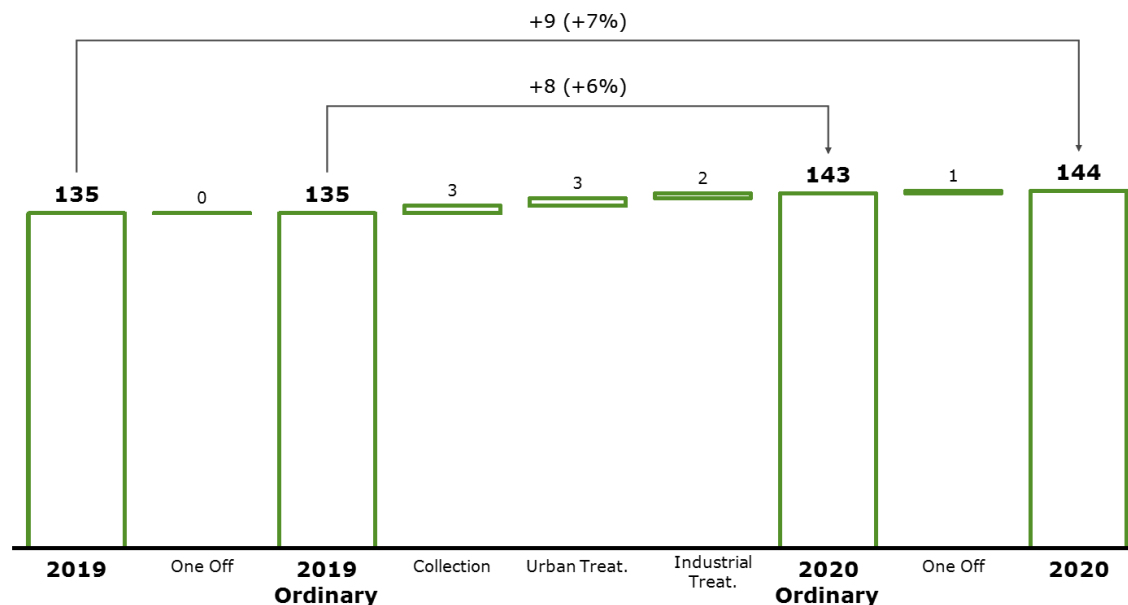
€M



Collection: lower personnel costs and lower vehicles maintenance and fuel consumption

Positive treatment margins due to:

- Increase in treatment prices, partially offset by higher disposal costs and lower disposal volumes
- Higher electricity volumes, offset by lower electricity prices
- M&A: Electrometal and Agritre



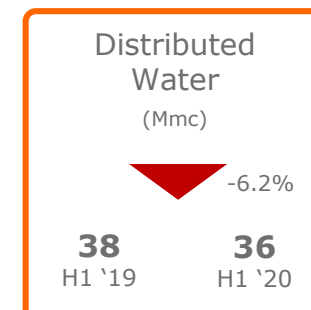
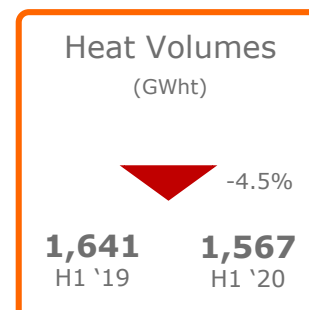
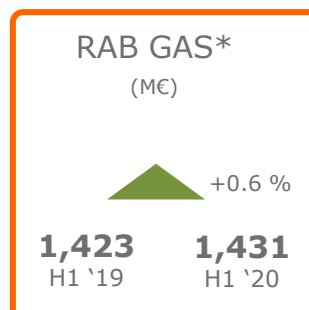
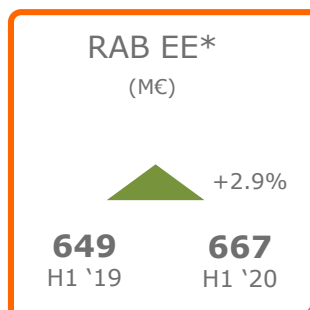
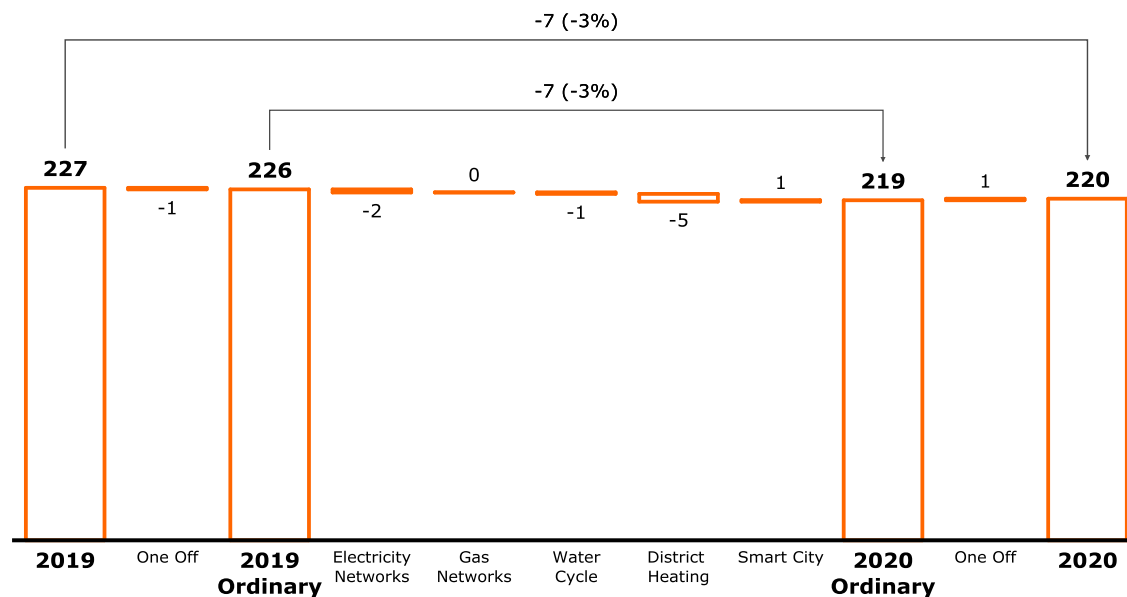
Analysis of results

Networks and District Heating

€M



- Electricity & Gas Networks: lower allowed revenues
- Water Cycle: lower volumes due to Covid-19 lockdown
- District Heating: lower volumes sold due to temperature effect, Covid-19 emergency and negative scenario



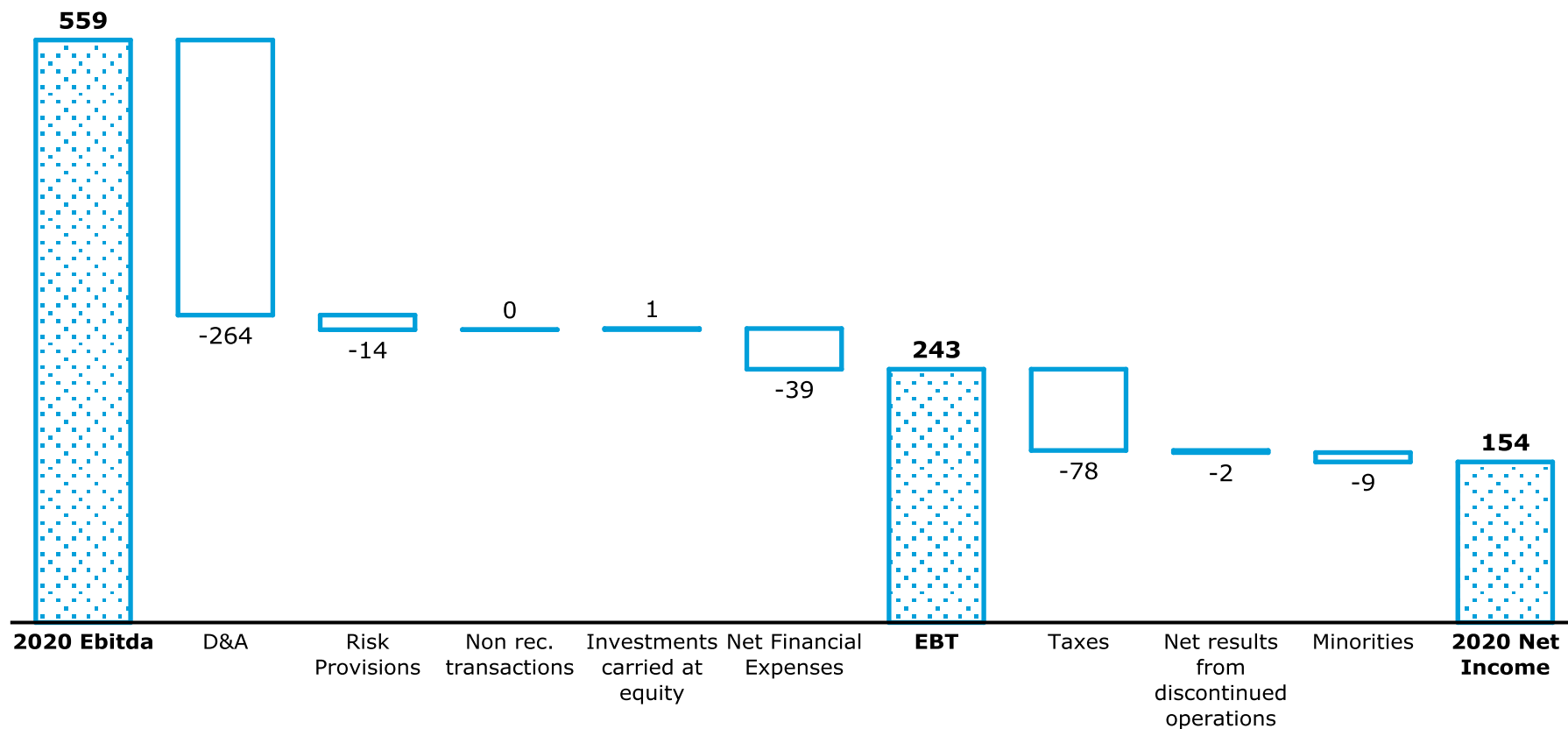
* Provisional data, underlying the estimate of allowed revenues of the period.

Analysis of results

From EBITDA to Group Net Income



€M



2019

582

(245)

(10)

-

-

(65)

262

(87)

-

(9)

166

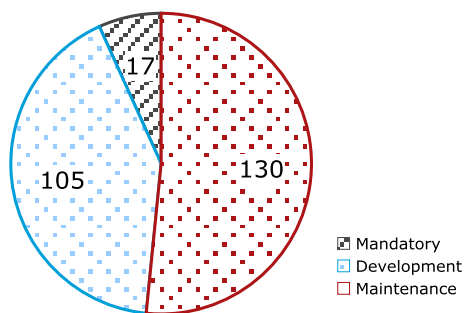
Analysis of results

Capex

€M

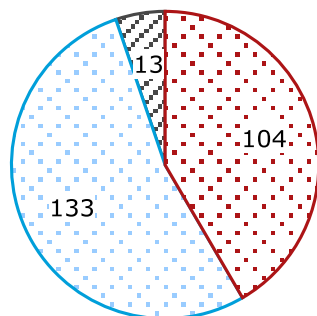


BREAKDOWN BY ACTIVITY



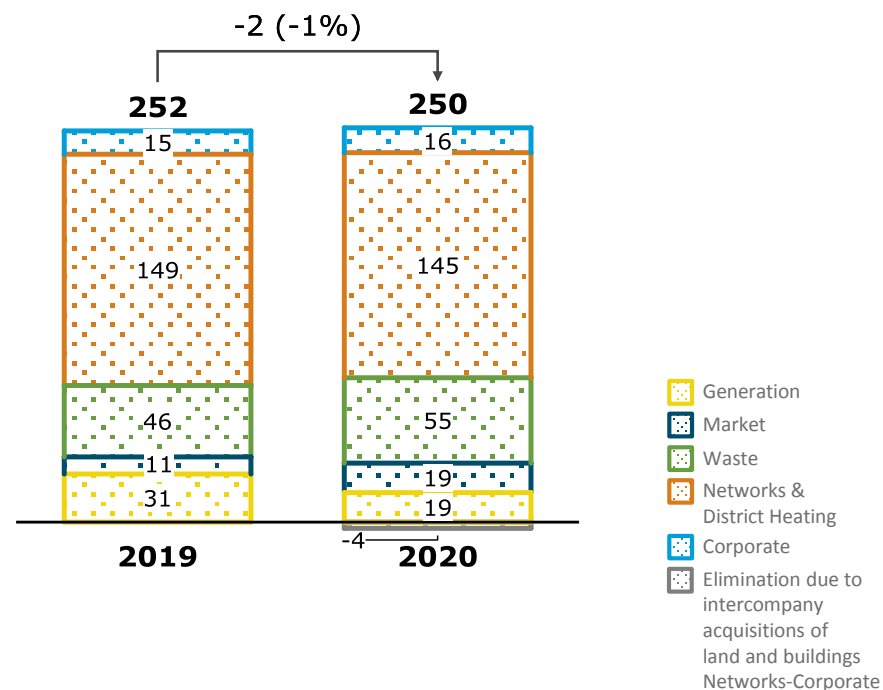
2019
252 €M

-2€M



2020
250 €M

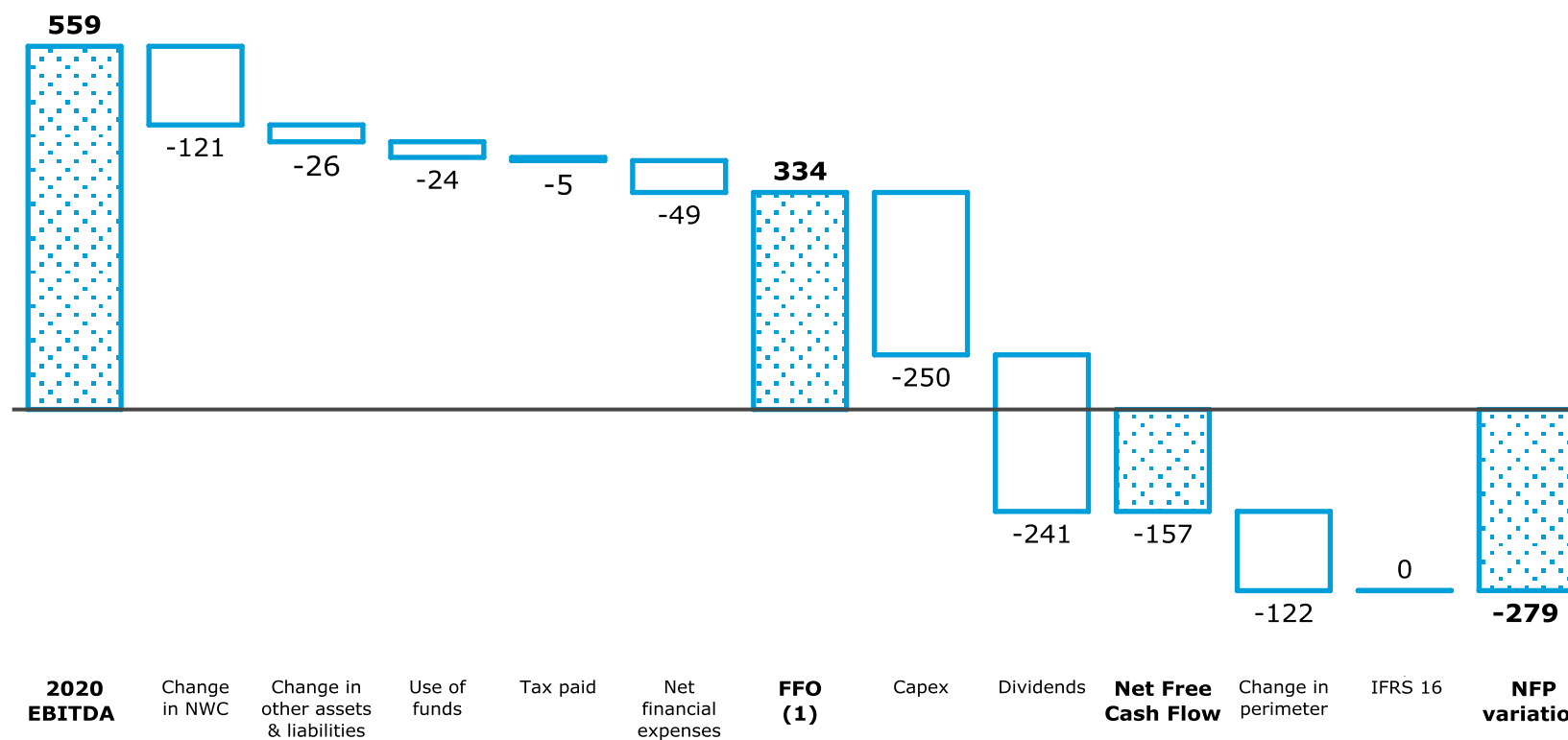
BREAKDOWN BY BUSINESS



Analysis of results

Net Free Cash Flow

€M



2019

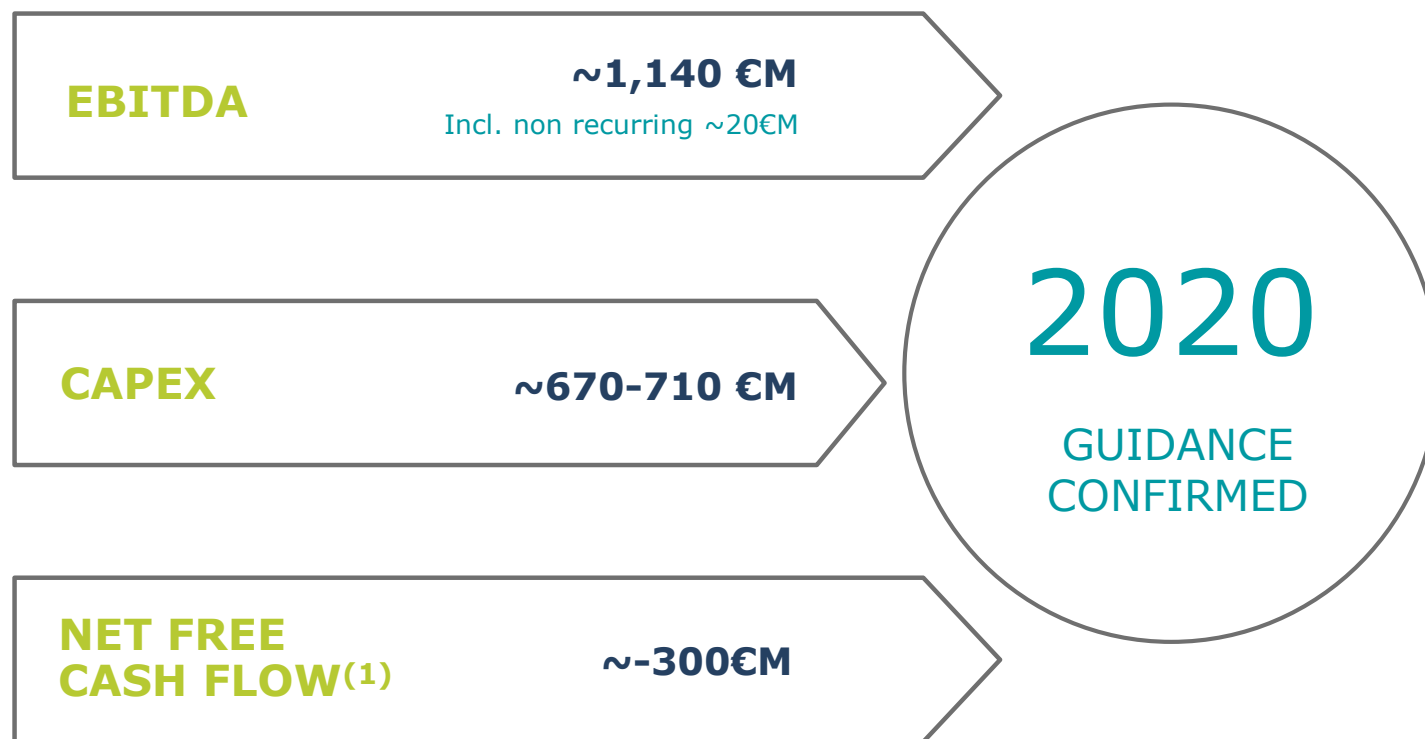
582	(40)	(24)	(17)	-	(50)	451	(252)	(218)	(19)	34	(109)	(94)
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(1) Funds from operations after working capital change

Analysis of results

Guidance 2020

€M



⁽¹⁾ 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	
a2a		582	575	559	553	-23	-4%	-22	-4%
	Generation	117	114	98	90	-19	-16%	-24	-21%
	Power Generation	87	84	71	63	-16	-18%	-21	-25%
	Gas Margin	15	15	12	12	-3	-20%	-3	-20%
	Photovoltaic	15	15	15	15	+0	+0%	+0	+0%
	Market	116	113	113	113	-3	-3%	+0	+0%
	Energy Retail	105	102	109	109	+4	+4%	+7	+7%
	Public Lighting	8	8	7	7	-1	-13%	-1	-13%
	Energy Solutions	3	3	-3	-3	-6	n.s.	-6	n.s.
	Waste	135	135	144	143	+9	+7%	+8	+6%
	Collection	30	30	33	33	+3	+10%	+3	+10%
	Urban Treatment	94	94	98	97	+4	+4%	+3	+3%
	Industrial Treatment	11	11	13	13	+2	+18%	+2	+18%
	Networks & District Heating	227	226	220	219	-7	-3%	-7	-3%
	Electricity Networks	65	65	63	63	-2	-3%	-2	-3%
	Gas Networks	75	74	74	73	-1	-1%	-1	-1%
	Water Cycle	26	26	26	26	+0	+0%	+0	+0%
	District Heating	57	57	52	52	-5	-9%	-5	-9%
	Smart City	4	4	5	5	+1	+25%	+1	+25%
	Other	-13	-13	-16	-12	-3	23%	+1	-8%
	Corporate and Other	-13	-13	-16	-12	-3	+23%	+1	-8%

Annexes

P&L

€M



	H1 2019	H1 2020	Change vs 2019	Change % vs 2019
Revenues	3,711	3,181	(530)	-14.3%
EBITDA	582	559	(23)	-4.0%
D&A	(245)	(264)	(19)	7.8%
Provisions	(10)	(14)	(4)	40.0%
EBIT	327	281	(46)	-14.1%
Net Financial Expenses	(65)	(39)	26	-40.0%
Associates & JV	0	1	1	n.s.
EBT	262	243	(19)	-7.3%
Taxes	(87)	(78)	9	-10.3%
Net Result from disc. operations	0	(2)	(2)	n.s.
Minorities	(9)	(9)	0	0.0%
Group Net Income	166	154	(12)	-7.2%

Annexes

Balance Sheet

€M



	12.31.2019	06.30.2019	06.30.2020	Change Vs 12.31.2019	Change Vs 06.30.2019
Tangible Assets	4,869	4,718	4,909	40	191
Intangible Assets	2,379	2,334	2,449	70	115
Shareholdings and Other Non Current Financial Assets	45	31	34	(11)	3
Other Non Current Assets/Liabilities	(117)	(132)	(123)	(6)	9
Deferred Tax Assets and Liabilities	277	274	266	(11)	(8)
Provisions for Risks, Charges and Liabilities for landfills	(676)	(648)	(652)	24	(4)
Employee Benefits	(307)	(322)	(287)	20	35
Net Fixed Capital	6,470	6,255	6,596	126	341
Net Working Capital	555	595	676	121	81
Other Current Asset / Liabilities	(277)	(280)	(261)	16	19
Current Tax Asset / Liabilities	57	(74)	(16)	(73)	58
Working Capital and Other Current Assets/Liabilities	335	241	399	64	158
Non current Assets /Liabilities held for sale	0	70	20	20	(50)
Total Capital Employed	6,805	6,566	7,015	210	449
Equity	3,651	3,450	3,582	(69)	132
Net Financial Position	3,154	3,116	3,433	279	317
Total Sources	6,805	6,566	7,015	210	449

		H1 2019	H1 2020	Δ % vs 2019
Brent	\$/bbl	66.1	42.2	-36%
CO2 - EU ETS cost	€/Tonn	23.9	22.1	-8%
€/€	€/€	1.1	1.1	-3%
Brent €	€/bbl	58.5	38.2	-35%
PSV(1)	€/MWh	18.7	9.2	-51%
AEEGSI Gas Tariff (2)	c€/mc	23.0	14.0	-39%
Coal € (API2)	€/Tonn	57.4	41.7	-27%
PUN Baseload(3)	€/MWh	55.1	32.2	-42%
PUN Peak(3)	€/MWh	60.3	35.6	-41%
PUN Off-Peak(3)	€/MWh	52.3	30.3	-42%
CCGT gas cost(4)	€/MWh	45.4	25.3	-44%
Spark Spread CCGT_PSV vs Baseload	€/MWh	9.7	6.9	-29%
Spark Spread CCGT_PSV vs Peakload	€/MWh	14.9	10.3	-31%
Spark Spread CCGT_PSV vs Off-Peak	€/MWh	6.9	5.0	-27%
Clean Spark Spread vs Baseload	€/MWh	0.2	-1.9	n.s.
Clean Spark Spread vs Peakload	€/MWh	5.4	1.5	-72%
Clean Dark Spread vs Baseload(5)	€/MWh	0.8	-17.7	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

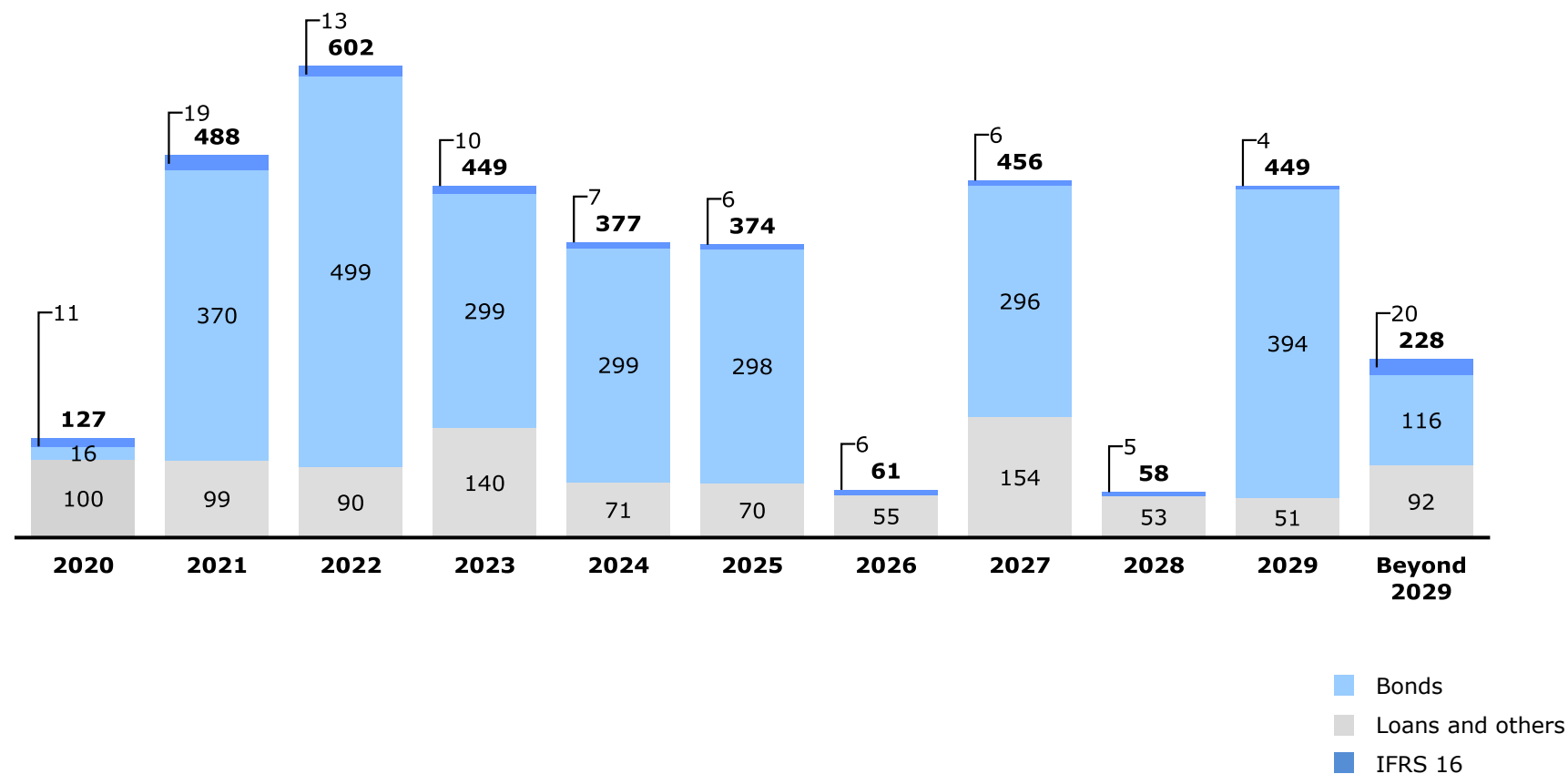
		H1 2019	H1 2020	Δ vs 2019	Δ% vs 2019
A2A Group Thermal production	GWh	5,767	4,882	-884	-15%
of which					
CCGT production	GWh	4,952	4,554	-397	-8%
Coal production	GWh	545	114	-431	-79%
Oil production	GWh	271	214	-56	-21%
A2A Group Hydro production	GWh	1,857	1,912	55	3%
A2A Group Photovoltaic production	GWh	61	67	6	10%
Wholesale electricity sales and Foreign Markets	GWh	5,064	6,144	1,080	21%
Ipex sales ⁽¹⁾	GWh	3,784	2,417	-1,368	-36%
Electricity sales	GWh	6,500	6,996	496	8%
Gas sales	Mmc	1,392	1,235	-157	-11%
Electricity distributed	GWh	5,833	5,061	-772	-13%
Gas distributed	Mmc	1,736	1,618	-118	-7%
Water distributed	Mmc	38	36	-2	-6%
Heat volumes sales	GWht	1,641	1,567	-74	-4%
Cogeneration electricity sales	GWh	195	183	-12	-6%
Collected waste	Kton	852	801	-51	-6%
Waste disposal	Kton	1,675	1,609	-67	-4%
WTE and other plants electricity production	GWh	877	955	77	9%
WTE and other plants heat production	GWht	857	840	-17	-2%

⁽¹⁾ Net of intermediated IPEX volumes

Annexes

Gross debt maturities as of 30 June 2020

€M



CONTACTS



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