



Q1 2020 Consolidated Results



Milan, May 12th, 2020

HIGHLIGHTS

ANALYSIS OF RESULTS

ANNEXES

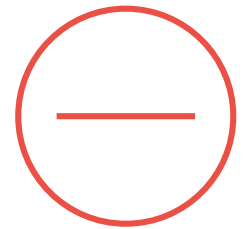
Highlights

Q1 2020 vs Q1 2019



ANCILLARY SERVICES
RETAIL CUSTOMER BASE
WASTE TREATMENT PRICES
WASTE M&A

COAL MARGINS
GAS PORTFOLIO
RETAIL GAS VOLUMES
STARTING OF COVID-19 EMERGENCY



COVID 19 – A2A 2020 Exposure



ACTIVITIES

⊖ IMPACTS

⊕ MITIGANTS

BU

Generation

- Scenario effect
- Lower contestable demand (-6% Apr-Dec)

- 67% production hedged (May-Dec)
- Labor and operating cost reduction

Market

- Lower energy volumes (BtB) – about -8%
- Slowdown of commercial development

- Labor and operating cost reduction
- Lower marketing activity

Waste

- Lower volumes of waste treated (about -7%)
- Emerging cost Covid related*

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

Networks and DH

- Emerging cost Covid related*
- Scenario effect on DH

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

LIQUIDITY

- Temporary Working Capital expected increase due to Covid (about 70-100 €M) as of Dec 31, 2020

- 2020 Capex Plan reviewed
- 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

- ✓ Prompt creation by A2A Group of a crisis committee in coordination with the Business Units
- ✓ Insurance scheme for the employees hit by the emergency and economic benefits for their families
- ✓ Extension of Smart Working to over 4,500 employees
- ✓ Enhancement of IT and security resources
- ✓ Solidarity fund for COVID-19 victims
- ✓ Increased online training courses
- ✓ Roadmap for a gradual and safe return to work premises

CUSTOMERS

- ✓ Full time operating service for clients via remote call center and web channel
- ✓ 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
- ✓ 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

COMMUNITY

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

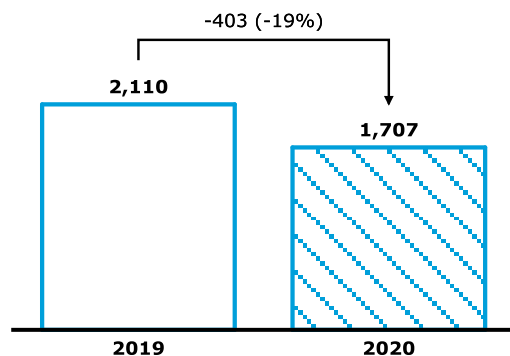
Highlights

Key Financial Indicators

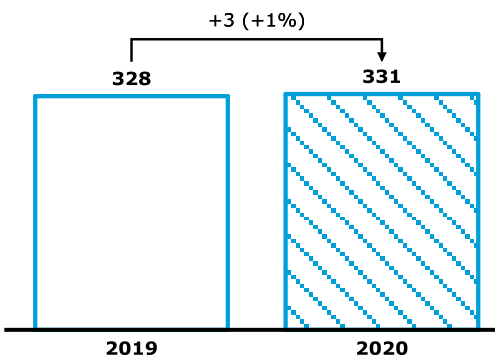


€M

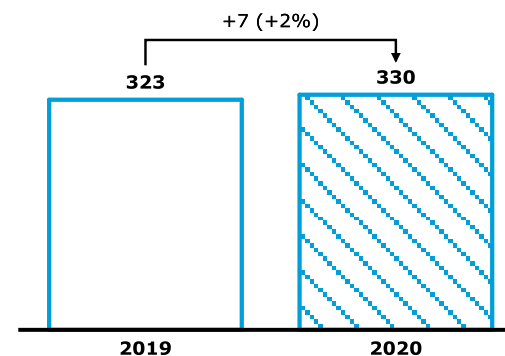
REVENUES



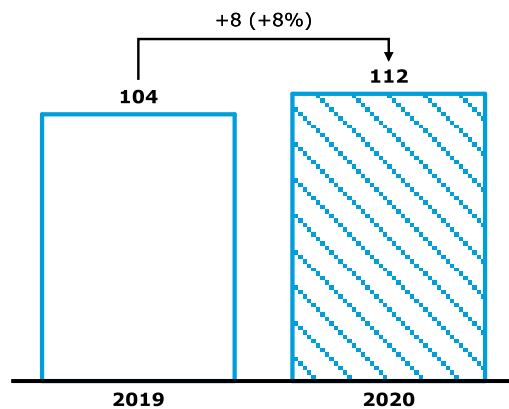
EBITDA



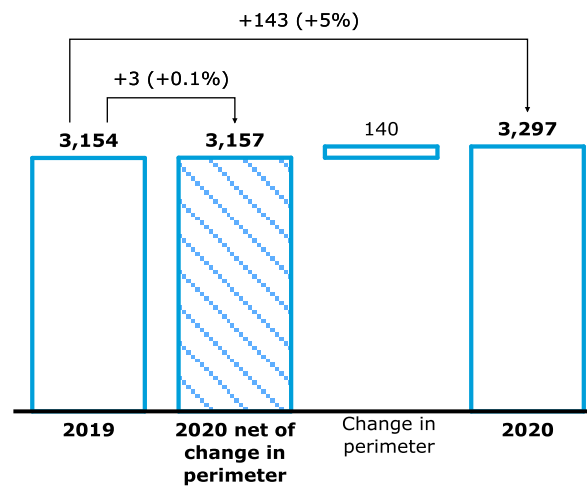
EBITDA Ordinary



GROUP NET INCOME



NET FINANCIAL POSITION



AGENDA



HIGHLIGHTS

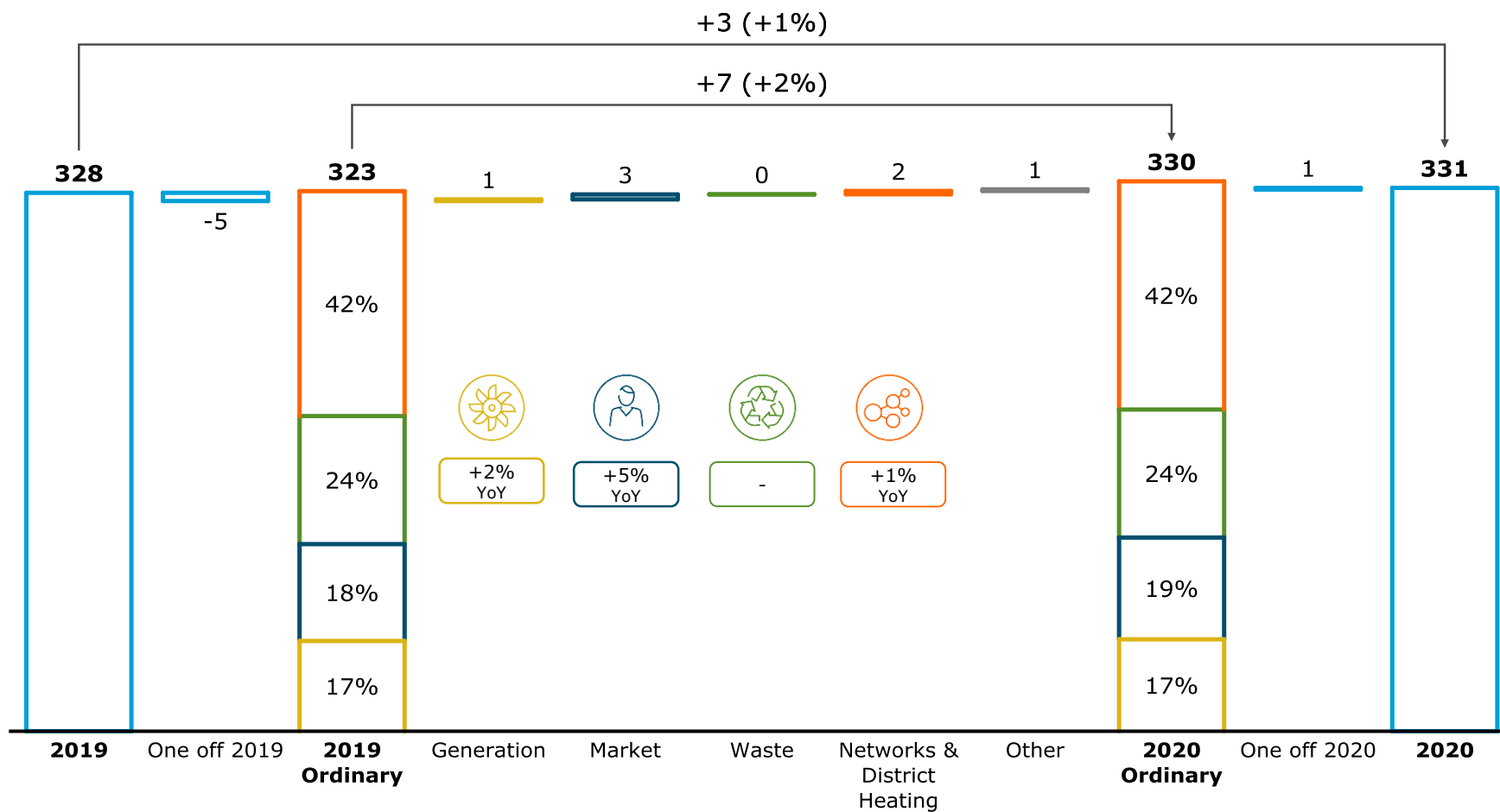
ANALYSIS OF RESULTS

ANNEXES

Analysis of results

Group EBITDA Overview

€M



Analysis of results

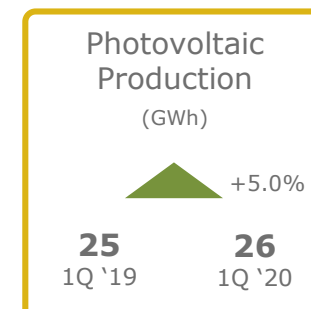
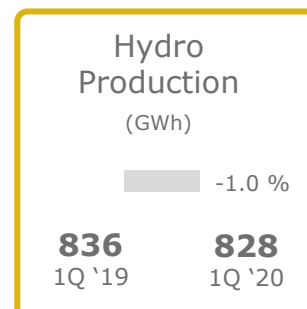
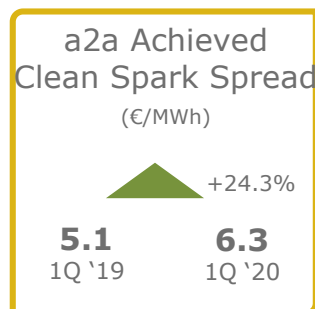
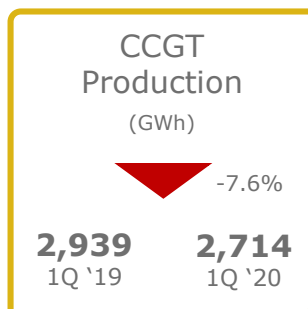
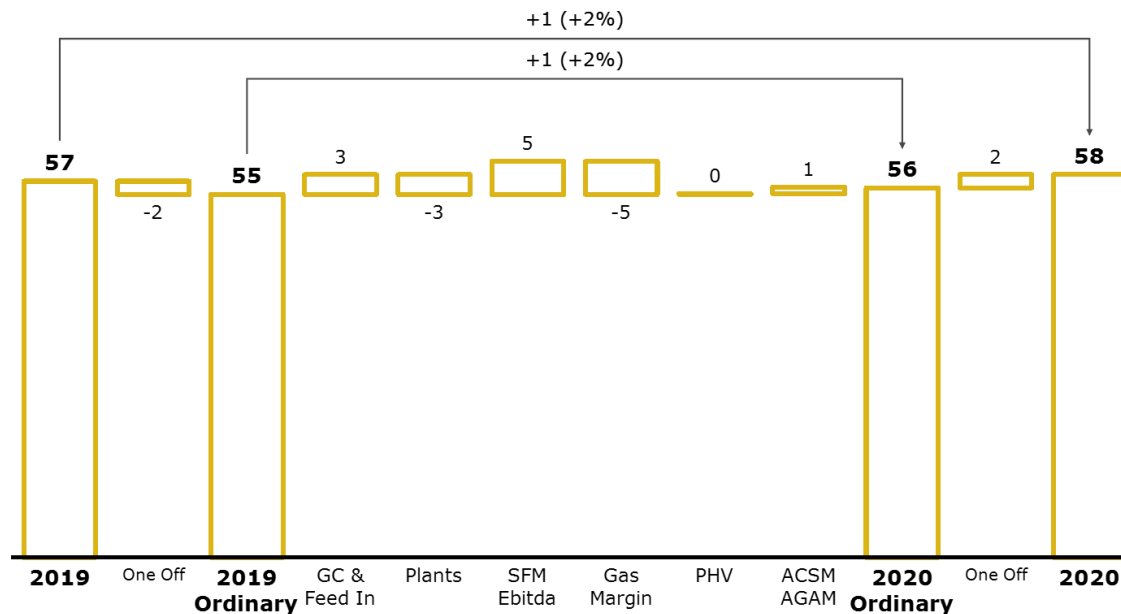
Generation

€M



Weak energy scenario and demand reduction in Q1 2020, emphasised in March due to Covid-19 emergency, offset by:

- Effective hedging strategy
- Positive ancillary services
- Higher feed-in tariff revenues
- Higher San Filippo del Mela margins



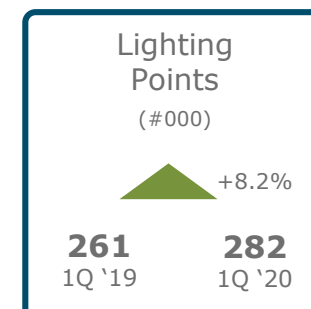
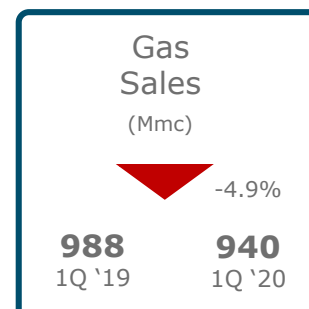
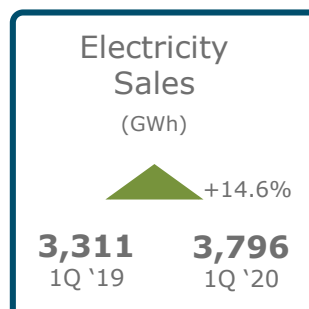
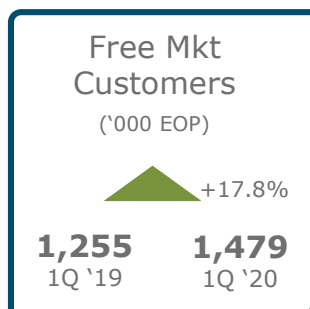
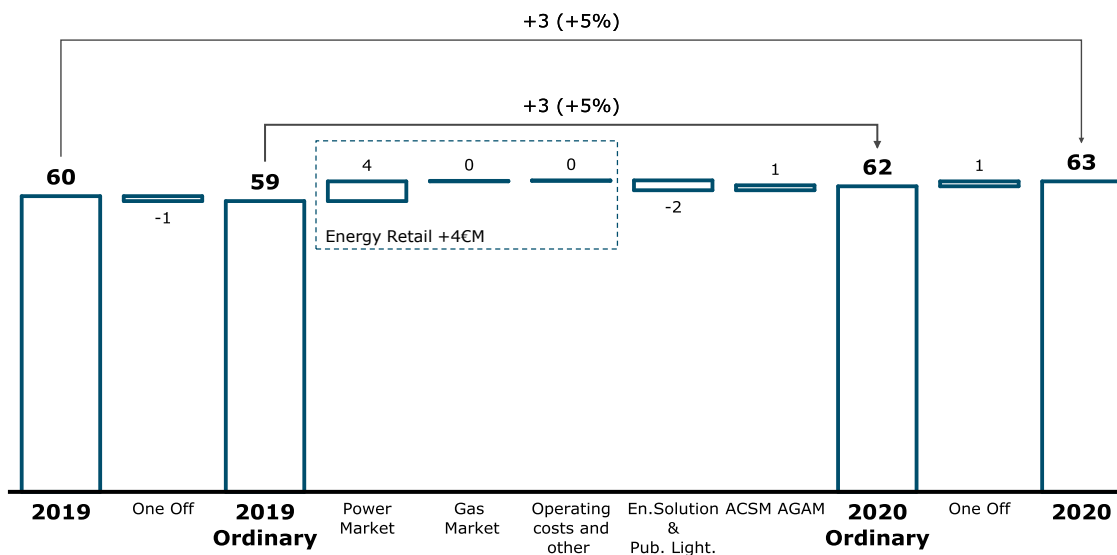
Analysis of results

Market

€M



- Free market customer base +52K Vs Dec. 2019
- Higher margins and volumes on electricity large customers, partially offset by lower consumptions due to "lockdown" for Covid-19 emergency



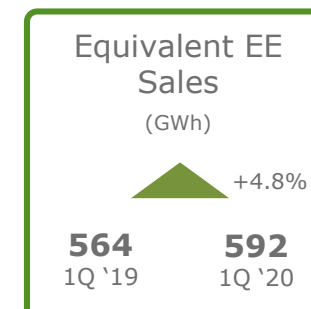
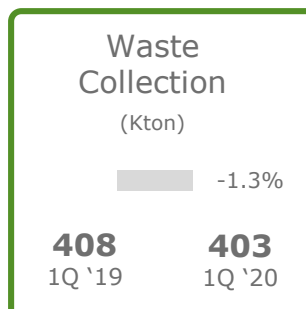
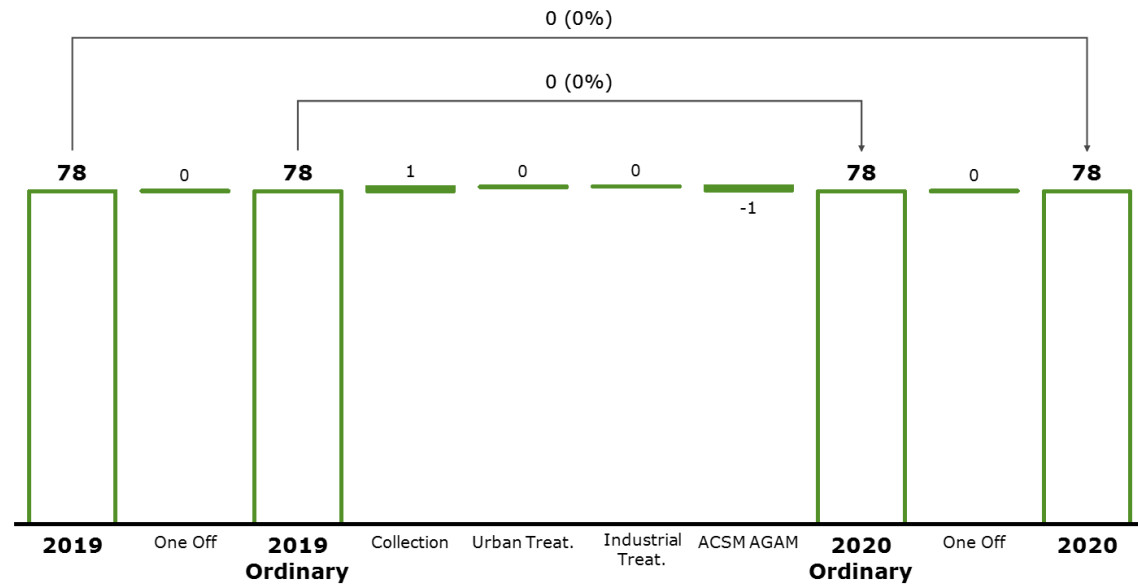
Analysis of results

Waste

€M



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



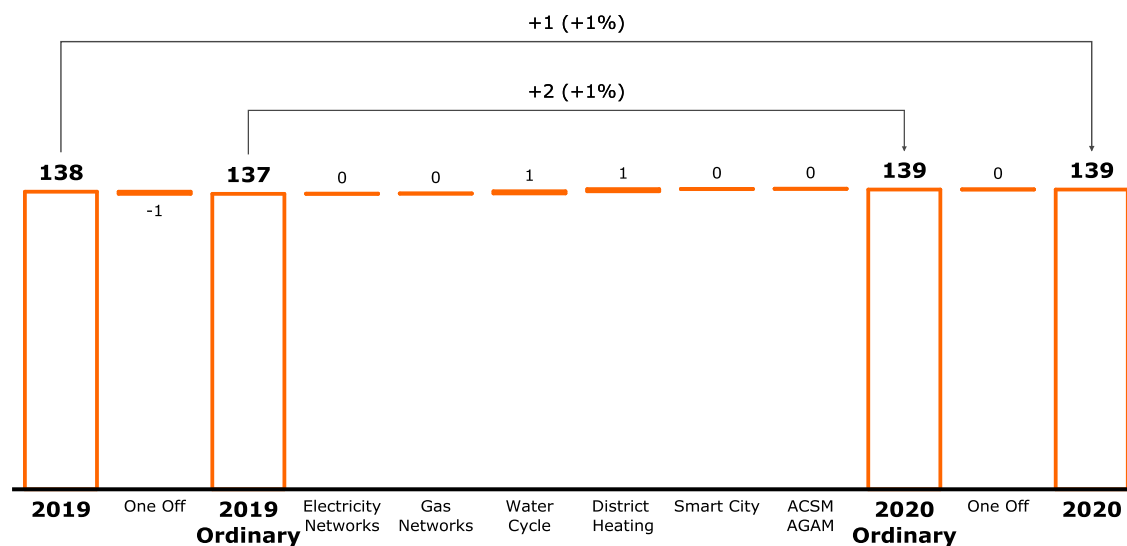
Analysis of results

Networks and District Heating

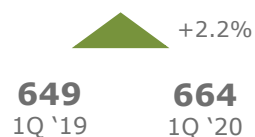
€M



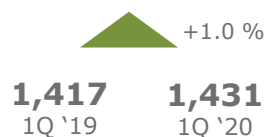
- Water Cycle: lower operating costs
- District Heating: higher volumes sold due to commercial development, partially offset by higher CO2 costs



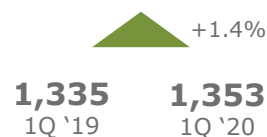
RAB EE*
(M€)



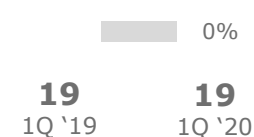
RAB GAS*
(M€)



Heat Volumes
(GWht)



Distributed Water
(Mmc)

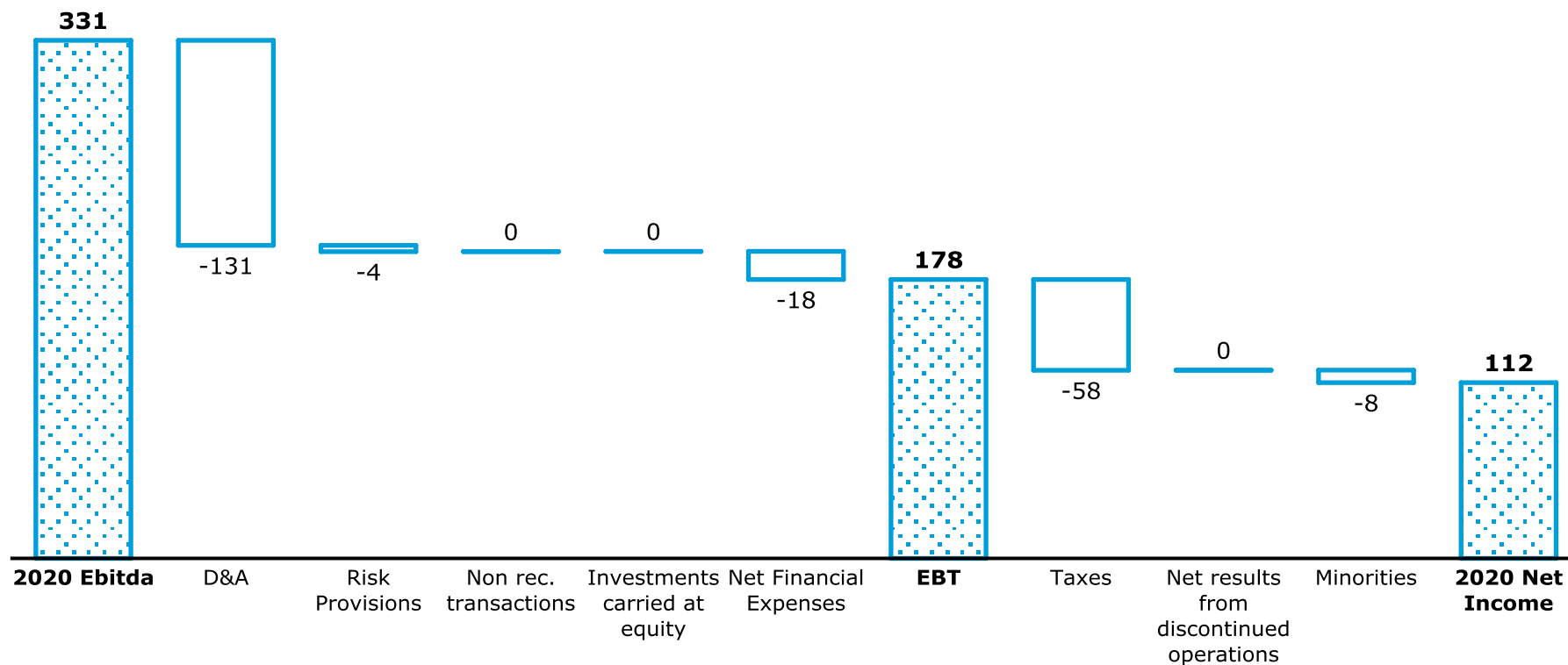


* Provisional data, underlying the estimate of allowed revenues of the period.

Analysis of results

From EBITDA to Group Net Income

€M



2019

328

(122)

(9)

-

-

(24)

173

(59)

-

(10)

104

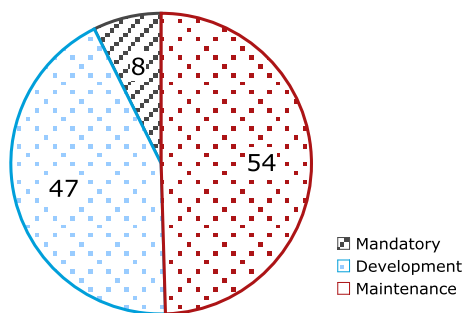
Analysis of results

Capex

€M

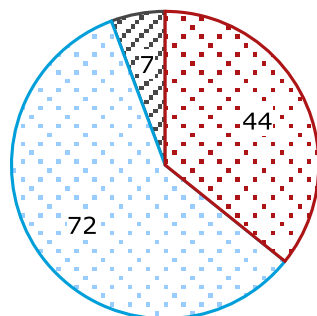


BREAKDOWN BY ACTIVITY



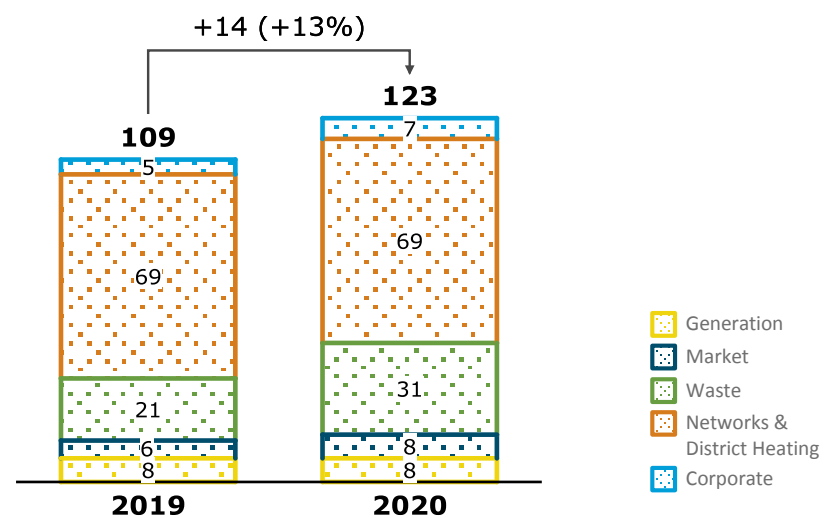
2019
109 €M

+14€M



2020
123 €M

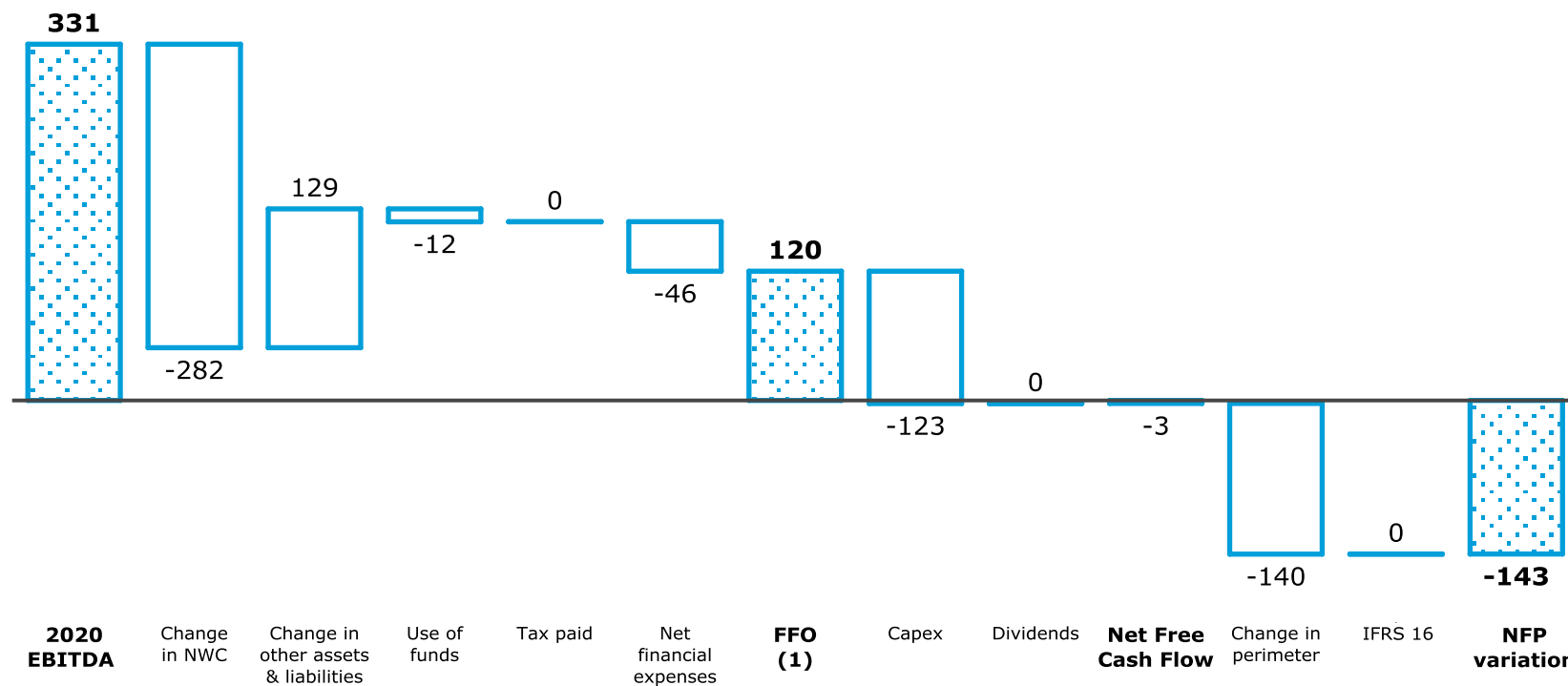
BREAKDOWN BY BUSINESS



Analysis of results

Net Free Cash Flow

€M



2019

328	(320)	179	(8)	-	(46)	133	(109)	-	24	(3)	(109)	(88)
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(1) Funds from operations after working capital change

AGENDA



HIGHLIGHTS

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ANNEXES

Annexes

Business Units EBITDA Breakdown



€M

	2019		2020		Change			
	Reported	Ordinary	Reported	Ordinary	Reported		Ordinary	
a2a	328	323	331	330	+3	+1%	+7	+2%
 Generation	57	55	58	56	+1	+2%	+1	+2%
Power Generation	42	40	48	46	+6	+14%	+6	+15%
Gas Margin	9	9	3	3	-6	-67%	-5	-60%
Photovoltaic	6	6	6	6	+0	+0%	+0	+0%
ACSM AGAM	0	0	1	1	+1	n.s.	+1	n.s.
 Market	60	59	63	62	+3	+5%	+3	+5%
Energy Retail	45	44	49	48	+4	+9%	+4	+9%
Public Lighting	2	2	2	2	+0	+0%	+0	+0%
Energy Solutions	0	0	-2	-2	-2	n.s.	-2	n.s.
ACSM AGAM	13	13	14	14	+1	+8%	+1	+8%
 Waste	78	78	78	78	+0	+0%	+0	+0%
Collection	13	13	14	14	+1	+8%	+1	+8%
Urban Treatment	57	57	57	57	+0	+0%	+0	+0%
Industrial Treatment	6	6	6	6	+0	+0%	+0	+0%
ACSM AGAM	2	2	1	1	-1	-50%	-1	-50%
 Networks & District Heating	138	137	139	139	+1	+1%	+2	+1%
Electricity Networks	32	32	32	32	+0	+0%	+0	+0%
Gas Networks	32	31	31	31	-1	-3%	+0	+0%
Water Cycle	11	11	12	12	+1	+9%	+1	+9%
District Heating	51	51	52	52	+1	+2%	+1	+2%
Smart City	2	2	2	2	+0	+0%	+0	+0%
ACSM AGAM	10	10	10	10	+0	+0%	+0	+0%
 Other	-5	-6	-7	-5	-2	40%	+1	-17%
Corporate and Other	-4	-5	-6	-4	-2	+50%	+1	-20%
ACSM AGAM	-1	-1	-1	-1	+0	+0%	+0	+0%

Annexes

P&L

€M



	1Q 2019	1Q 2020	Change vs 2019	Change % vs 2019
Revenues	2,110	1,707	(403)	-19.1%
EBITDA	328	331	3	0.9%
D&A	(122)	(131)	(9)	7.4%
Provisions	(9)	(4)	5	-55.6%
EBIT	197	196	(1)	-0.5%
Net Financial Expenses	(24)	(18)	6	-25.0%
EBT	173	178	5	2.9%
Taxes	(59)	(58)	1	-1.7%
Minorities	(10)	(8)	2	-20.0%
Group Net Income	104	112	8	7.7%

Annexes

Balance Sheet

€M



	12.31.2019	03.31.2019	03.31.2020	Change Vs 12.31.2019	Change Vs 03.31.2019
Tangible Assets	4,869	4,703	4,917	48	214
Intangible Assets	2,379	2,344	2,429	50	85
Shareholdings and Other Non Current Financial Assets	45	24	75	30	51
Other Non Current Assets/Liabilities	(117)	(125)	(125)	(8)	0
Deferred Tax Assets and Liabilities	277	274	286	9	12
Provisions for Risks, Charges and Liabilities for landfills	(676)	(637)	(668)	8	(31)
Employee Benefits	(307)	(311)	(300)	7	11
Net Fixed Capital	6,470	6,272	6,614	144	342
Net Working Capital	555	875	837	282	(38)
Other Current Asset / Liabilities	(277)	(491)	(406)	(129)	85
Current Tax Asset / Liabilities	57	(42)	(2)	(59)	40
Working Capital and Other Current Assets/Liabilities	335	342	429	94	87
Non current Assets /Liabilities held for sale	0	110		0	(110)
Total Capital Employed	6,805	6,724	7,043	238	319
Equity	3,651	3,614	3,746	95	132
Net Financial Position	3,154	3,110	3,297	143	187
Total Sources	6,805	6,724	7,043	238	319

		1Q 2019	1Q 2020	Δ % vs 2019
Brent	\$/bbl	63.9	51.0	-20%
CO2 - EU ETS cost	€/Tonn	22.2	22.9	3%
€/ \$	€/ \$	1.1	1.1	-3%
Brent €	€/bbl	56.3	46.3	-18%
PSV(1)	€/MWh	20.8	11.3	-46%
AEEGSI Gas Tariff (2)	c€/mc	26.7	17.9	-33%
Coal € (API2)	€/Tonn	66.3	44.3	-33%
PUN Baseload(3)	€/MWh	59.4	39.6	-33%
PUN Peak(3)	€/MWh	65.3	44.9	-31%
PUN Off-Peak(3)	€/MWh	56.1	36.6	-35%
CCGT gas cost(4)	€/MWh	50.7	30.7	-40%
Spark Spread CCGT_PSV vs Baseload	€/MWh	8.7	8.9	3%
Spark Spread CCGT_PSV vs Peakload	€/MWh	14.6	14.2	-3%
Spark Spread CCGT_PSV vs Off-Peak	€/MWh	5.3	6.0	13%
Clean Spark Spread vs Baseload	€/MWh	-0.2	-0.2	-11%
Clean Spark Spread vs Peakload	€/MWh	5.7	5.1	-11%
Clean Dark Spread vs Baseload(5)	€/MWh	3.1	-12.2	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

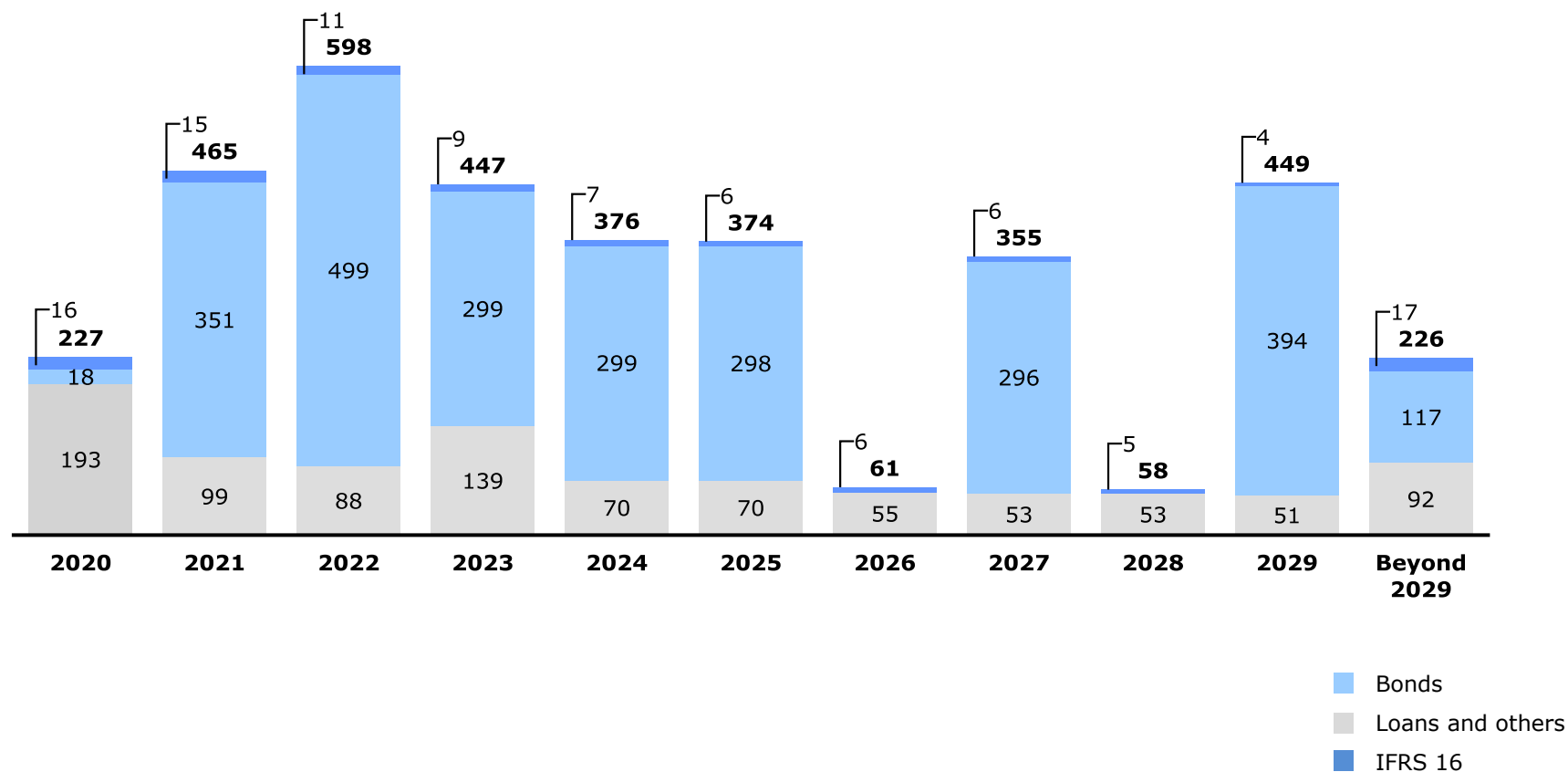
		1Q 2019	1Q 2020	Δ vs 2019	Δ% vs 2019
A2A Group Thermal production	GWh	3,539	2,967	-572	-16%
<i>of which</i>					
CCGT production	GWh	2,939	2,714	-224	-8%
Coal production	GWh	459	114	-345	-75%
Oil production	GWh	142	139	-3	-2%
A2A Group Hydro production	GWh	836	828	-8	-1%
A2A Group Photovoltaic production	GWh	25	26	1	5%
Wholesale electricity sales and Foreign Markets	GWh	2,722	2,819	97	4%
Ipex sales ⁽¹⁾	GWh	1,627	1,262	-365	-22%
Electricity sales	GWh	3,311	3,796	485	15%
Gas sales	Mmc	988	940	-49	-5%
Electricity distributed	GWh	2,951	2,744	-207	-7%
Gas distributed	Mmc	1,364	1,278	-86	-6%
Water distributed	Mmc	19	19	0	0%
Heat volumes sales	GWht	1,335	1,353	19	1%
Cogeneration electricity sales	GWh	161	162	1	1%
Collected waste	Kton	408	403	-5	-1%
Waste disposal	Kton	870	801	-69	-8%
WTE and other plants electricity production	GWh	456	479	23	5%
WTE and other plants heat production	GWht	593	614	21	4%

⁽¹⁾ Net of intermediated IPEX volumes

Annexes

Gross debt maturities as of 31 March 2020

€M



CONTACTS



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