



# A2A

1Q 2021 Results

Milan, 13<sup>th</sup> May 2021

# HIGHLIGHTS



# BUSINESS PLAN 2021-2030 – ACHIEVEMENTS Q1 2021

## ENERGY TRANSITION



### Renewable capacity growth

Acquisition of 100% of **Octopus Renewables**: +173 MW of solar power plants, the largest portfolio in Italy without GSE incentives



### Gas generation upgrade

Authorization for upgrading the gas-fired turbines at **Cassano d'Adda** and **Chivasso** thermoelectric power plants through **AGP** (advanced gas path)



### Customer base growth

+40 thousand **new free mass market customers**: +25 thousand electricity contracts and +15 thousand gas contracts

## CIRCULAR ECONOMY



### Boost material recovery

Acquisition of 27.7% of **Saxa Gres S.p.A.**, a company operating in the production of ceramics from materials recovered from the waste cycle



### Boost material recovery

Authorization for the **phosphorus recovery pilot plant** at A2A site in **Corteolona**. The phosphorus is recovered from the ashes of the waste-to-energy process of depuration sludges



### District heating

Strong acceleration in the **connections of new customers** to the **district heating network**: +4.8 MW vs 0.3 MW budgeted in the first quarter of 2021

**Alfa Acciai**: **brand-new district heating network** and **heat recovery** system with great **environmental benefits** (5.609 ton/year of avoided CO<sub>2</sub> on stream)

## ENABLER



### Innovation

**New Open Innovation portal** launched which will host challenges and calls for ideas as well as receive CVC dossiers; partnership with **MIND** (Milano Innovation District)



### People

**Strategic Plan cascading** throughout A2A organization, mobilizing 5.500+ employees; HR Plan execution within Simplification stream, **strengthening BUs accountability**

# Industrial highlights of the period



AEB consolidation  
Energy Scenario  
MSD margin  
Hydroelectric Production  
Water Cycle Tariffs  
District Heating Volumes  
Paper prices

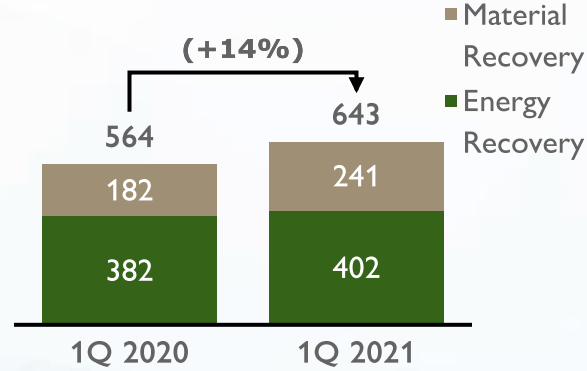
# Key ESG highlights



## CIRCULAR ECONOMY & ENERGY TRANSITION



Recovered Waste\* (Kton)



Renewable Capacity (GW)

2.2  
+14%  
vs 1Q 2020



Coal Production (GWh)

74  
-35%  
vs 1Q 2020



Avoided CO<sub>2</sub> (Kton)

thanks to renewable energy

364  
+20%  
vs 1Q 2020



## PEOPLE

13%

Employees with cascaded objectives (%)

10%  
FY 2020

27%

Women representation in Group companies' boards (%)

26%  
FY 2020

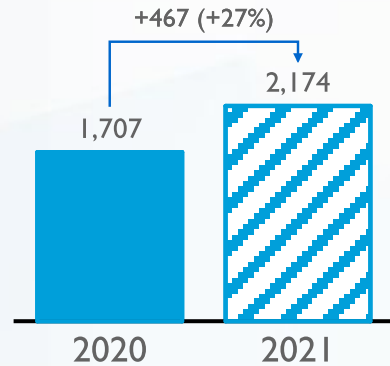
20+

Workshops for the development of Strategic Plan

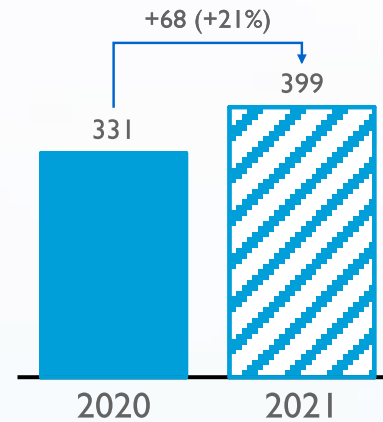
# IQ 2021 VS IQ 2020

Key Financial Indicators (€M)

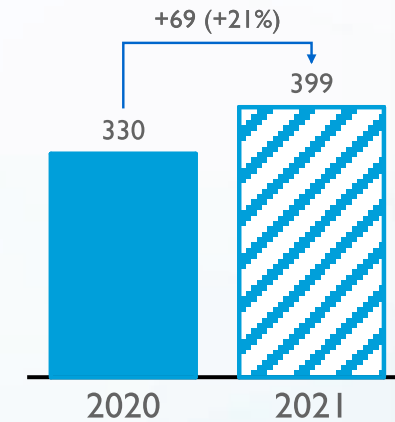
## Revenues



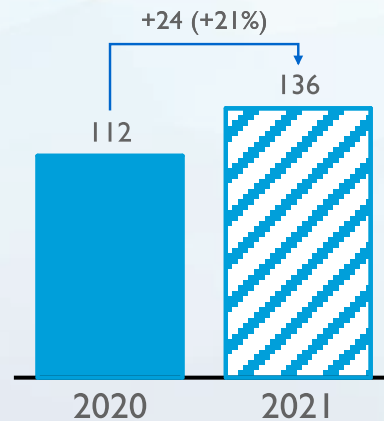
## EBITDA



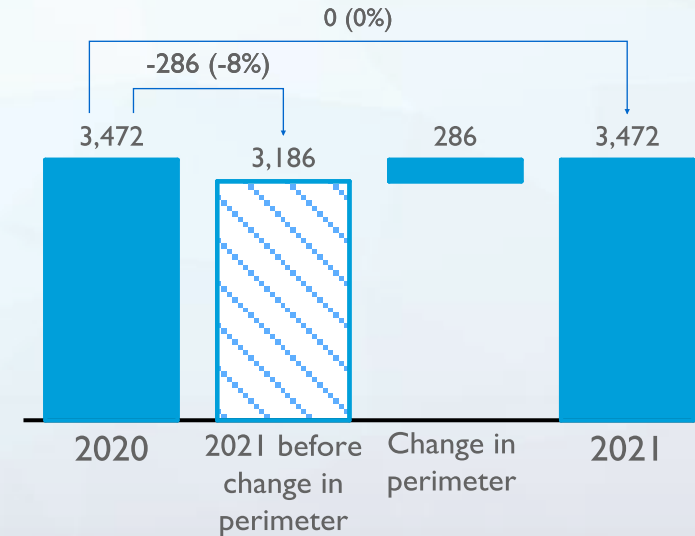
## EBITDA Ordinary



## Group Net Income



## Net Financial Position



# IQ 2021 VS IQ 2020

Group EBITDA (€M)



+59%



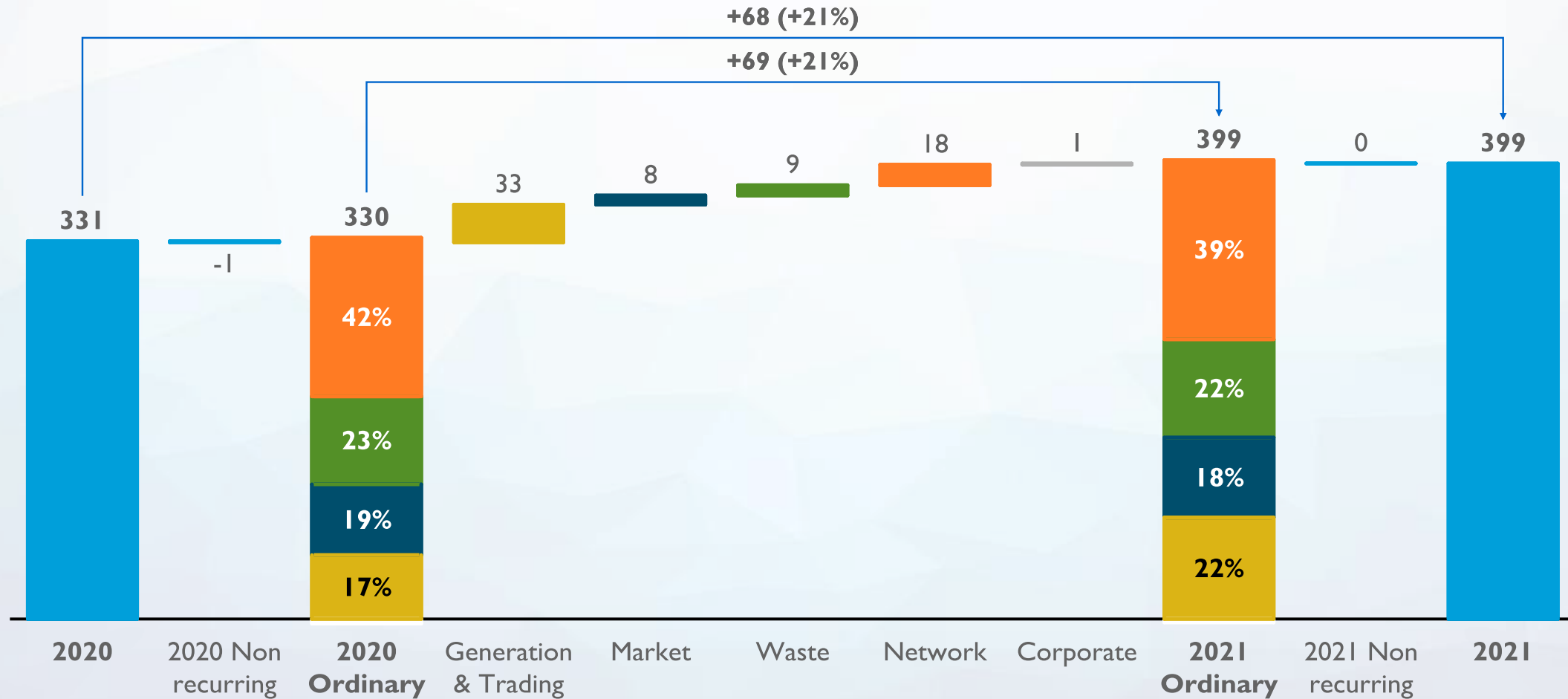
+13%



+12%



+13%

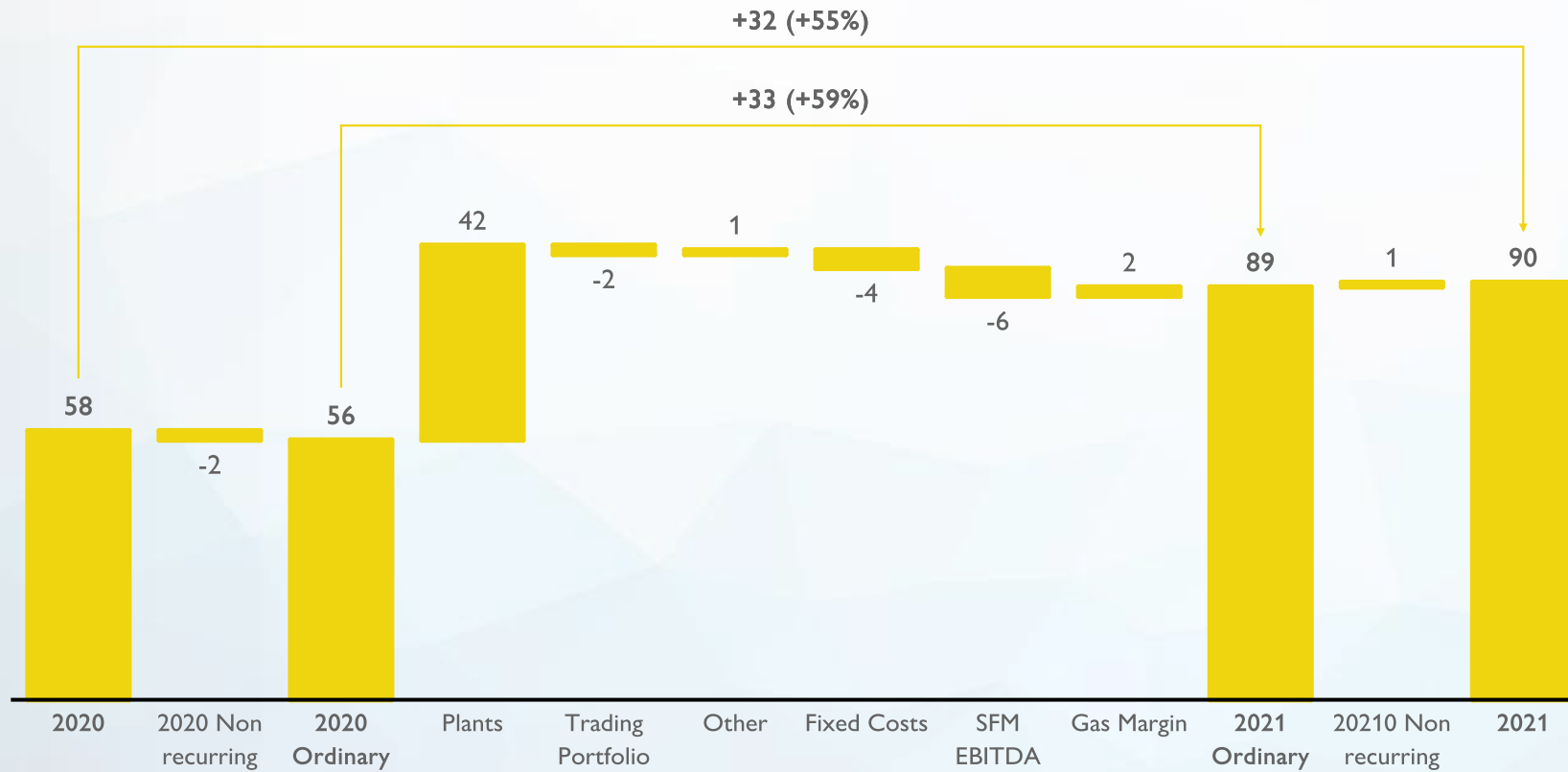


# ANALYSIS OF RESULTS

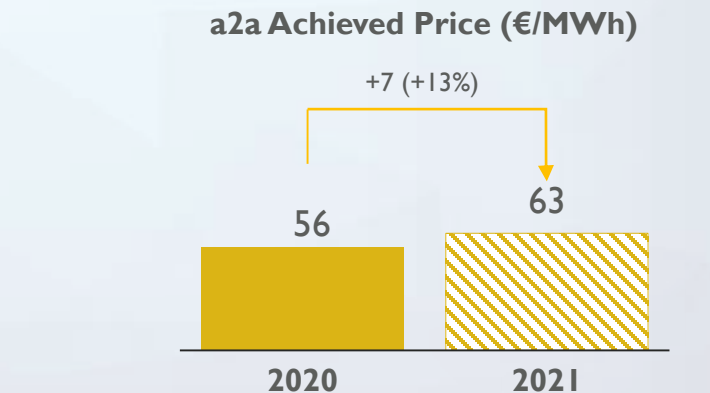
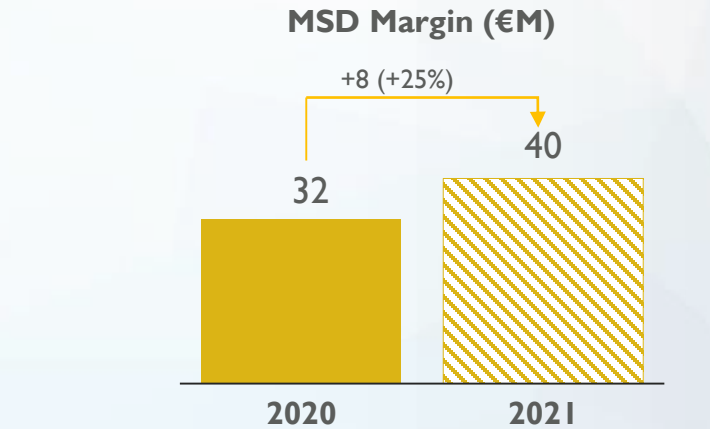
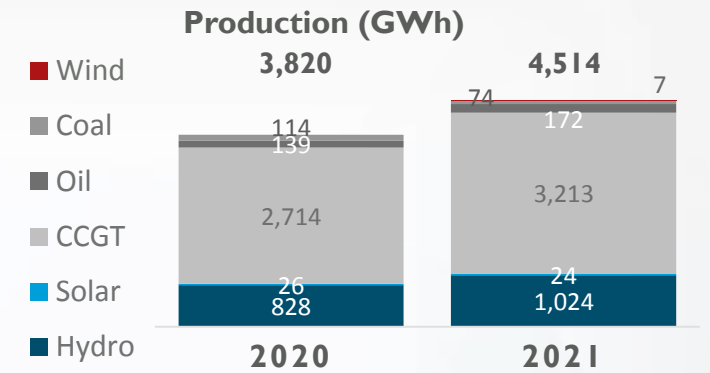


# Generation & Trading

## EBITDA (€M)

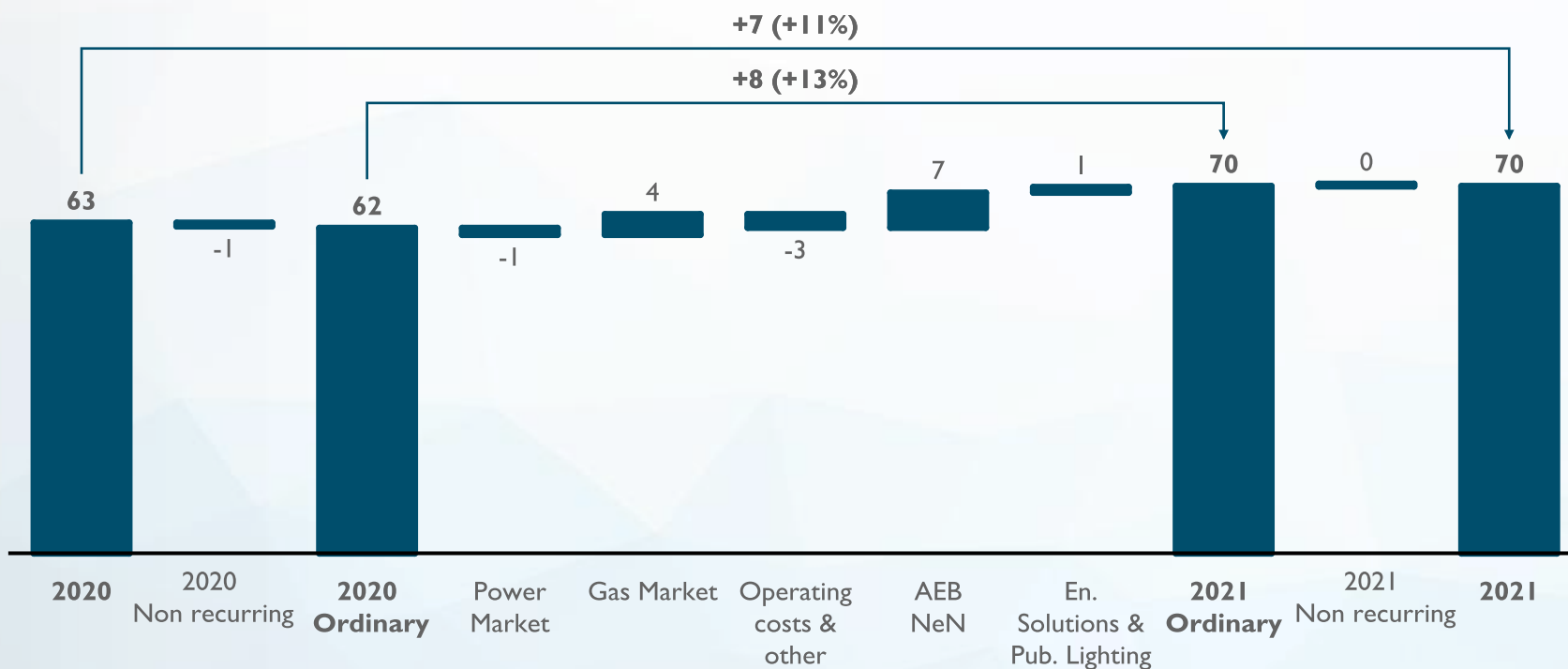


- Positive Energy Scenario
- Higher production
- Increase in ancillary services



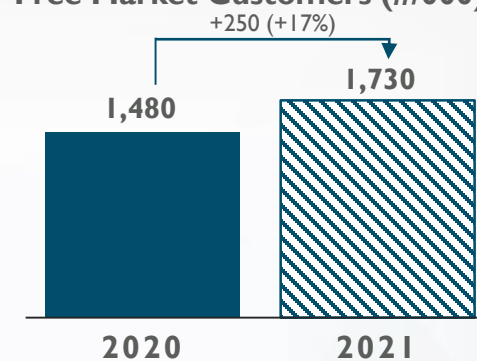


## Market EBITDA (€M)

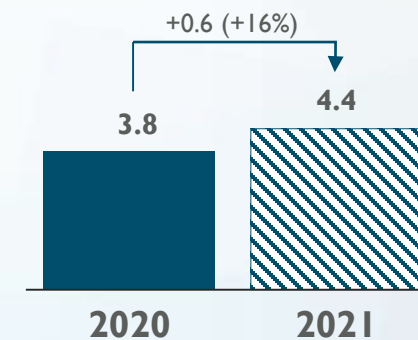


- Free market customer base +40K Vs Dec. 2020
- Higher margins on Gas partially offset by higher commercial costs
- M&A: AEB

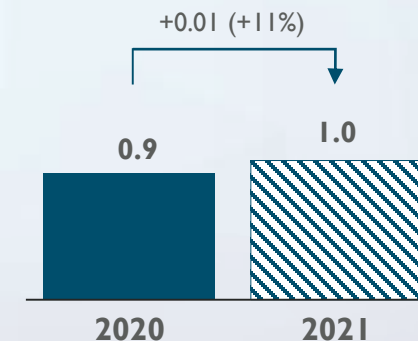
## Free Market Customers (#/000)



## Electricity Sales (TWh)



## Gas Sales (Bmc)



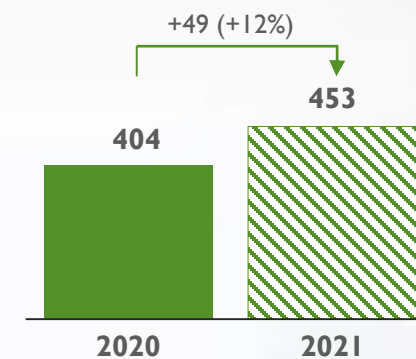


## Waste EBITDA (€M)

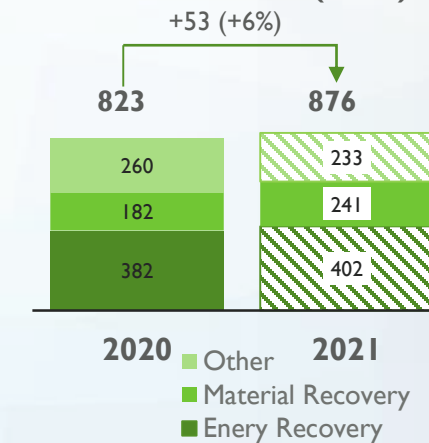


- Increase in Electricity and Treatment prices
- Higher Paper prices
- M&A: AEB

## Waste Collection (Kton)

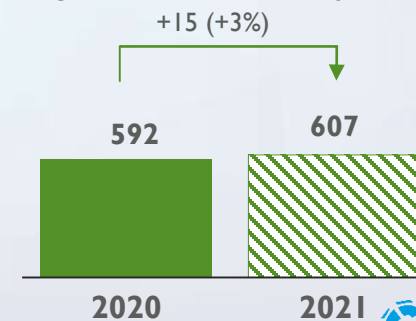


## Waste Treatment (Kton)



Waste treatment volumes net of elimination between plants.

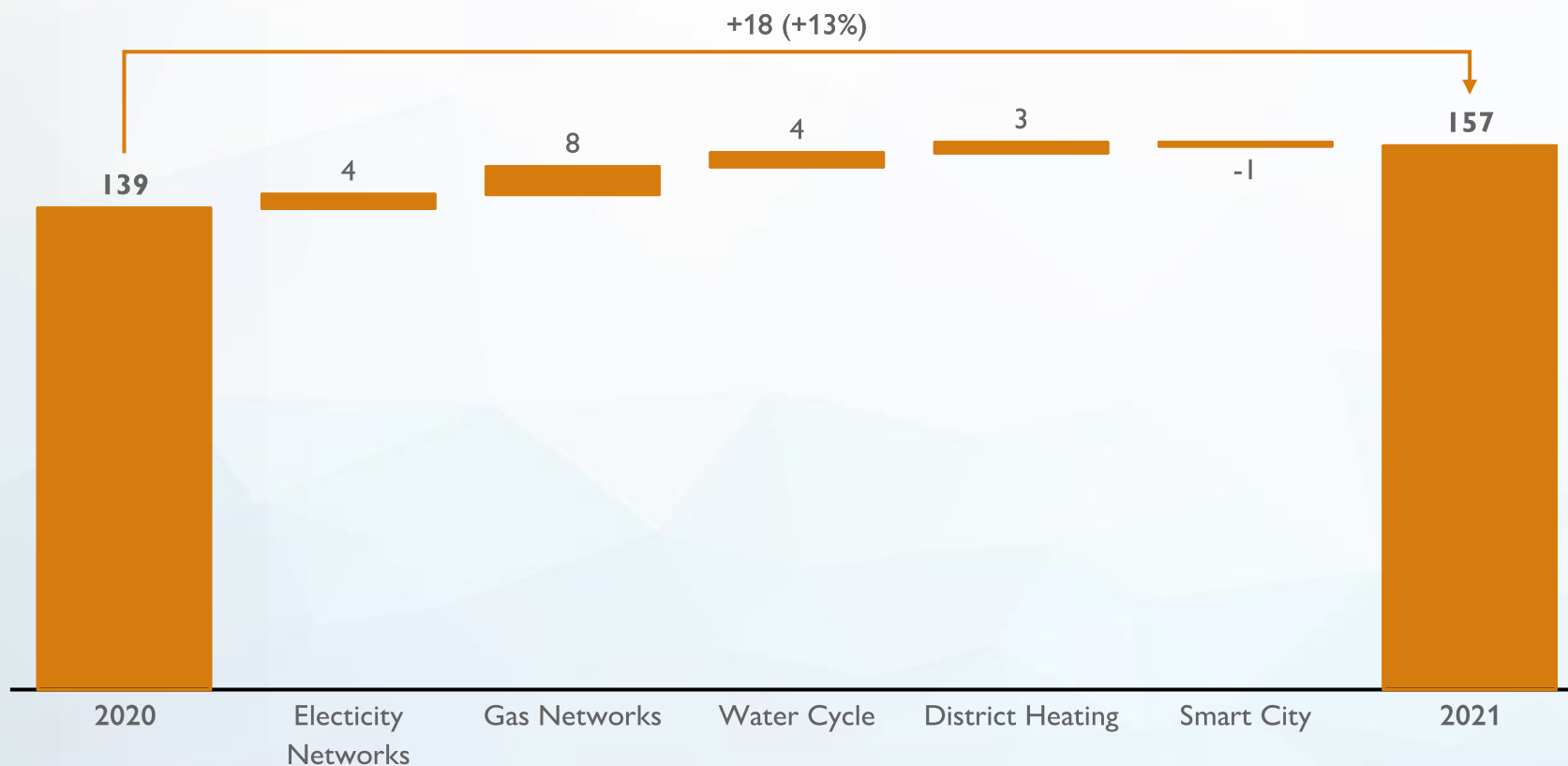
## Equivalent EE Sales (GWh)





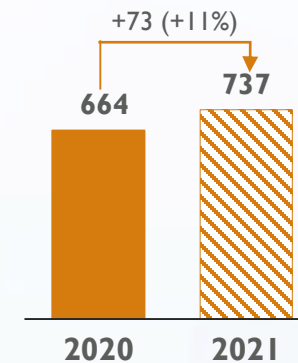
# Networks

## EBITDA (€M)

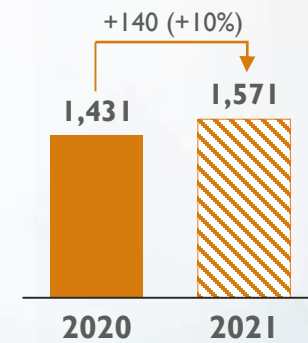


- Electricity & Gas Networks: higher customer connections revenues and AEB consolidation
- Higher tariffs on Water Cycle
- Higher District Heating volumes

### RAB EE\* (€M)

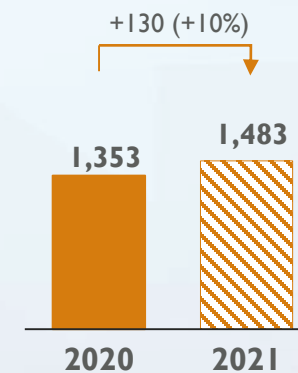


### RAB GAS\* (€M)

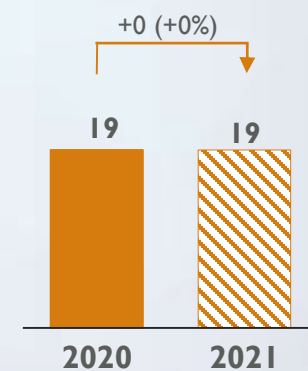


\* Provisional data, underlying the estimate of allowed revenues of the period.

### Heat Volumes (GWht)

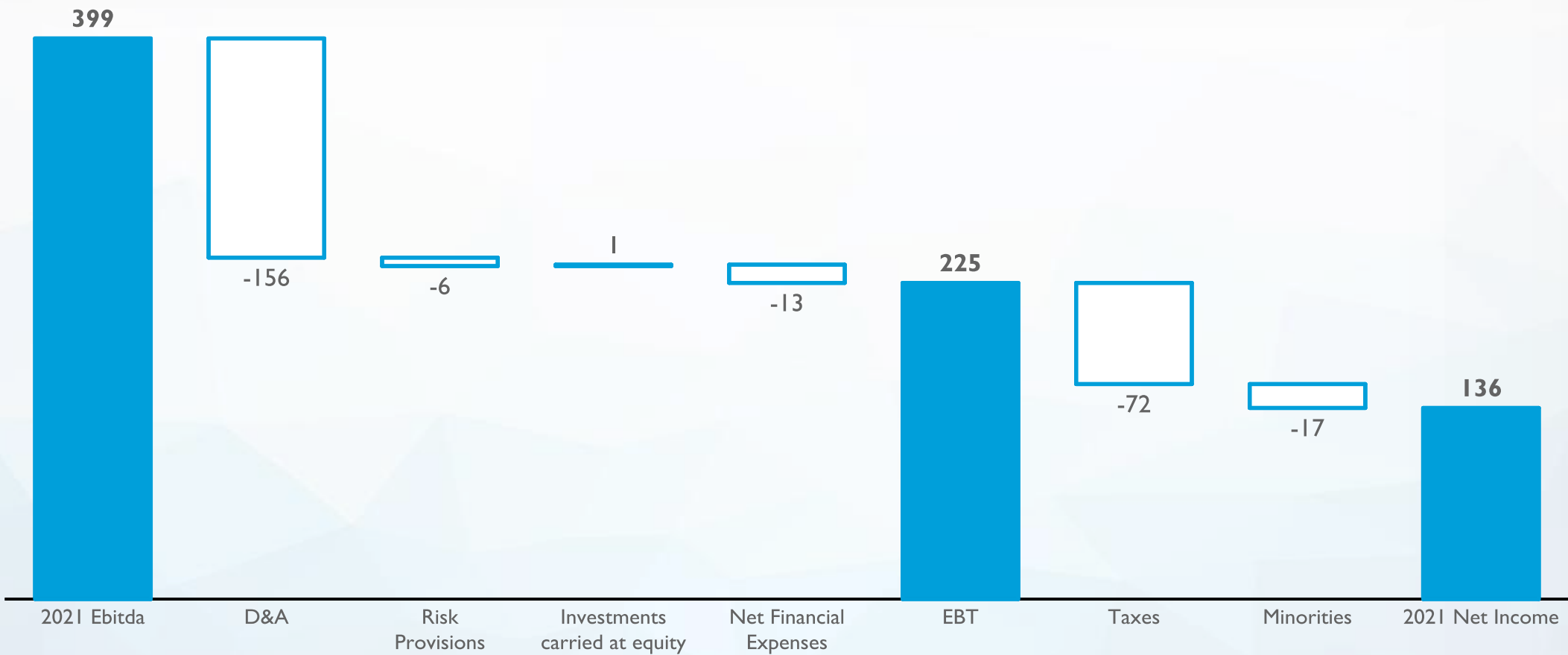


### Distributed Water (Mmc)



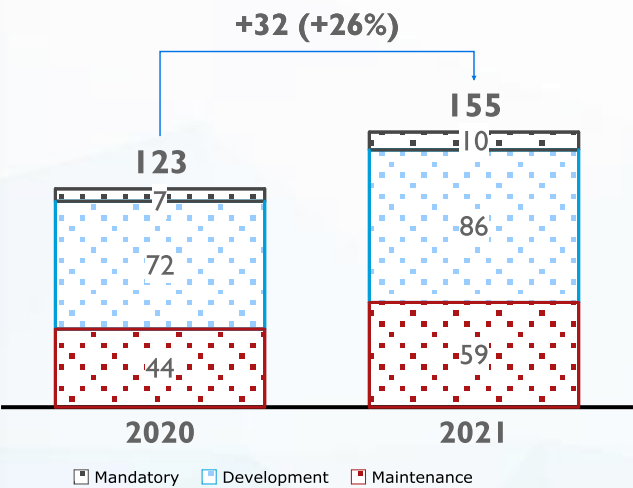
# From EBITDA to Group Net Income

(€M)

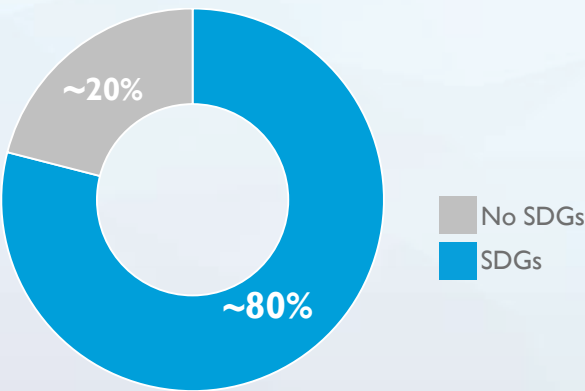


|         |     |       |     |   |      |     |      |     |     |
|---------|-----|-------|-----|---|------|-----|------|-----|-----|
| IQ 2020 | 331 | (131) | (4) | - | (18) | 178 | (58) | (8) | 112 |
|---------|-----|-------|-----|---|------|-----|------|-----|-----|

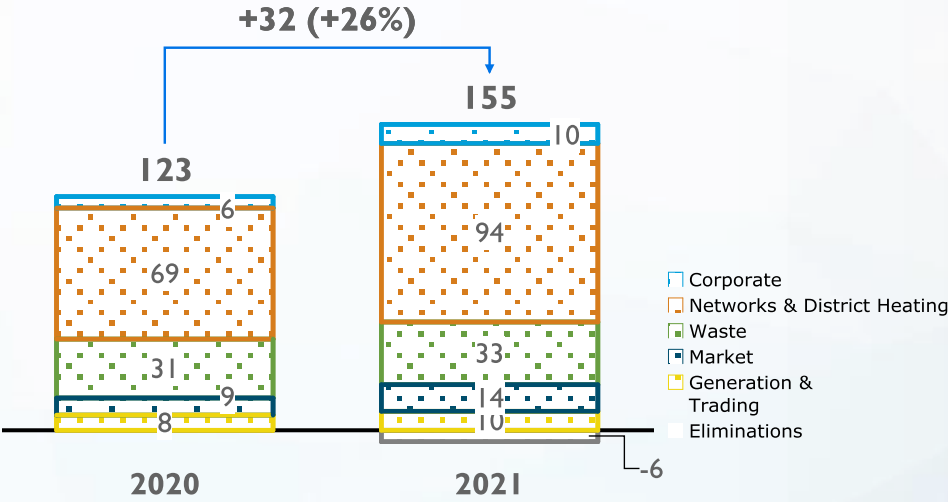
Breakdown by Activity



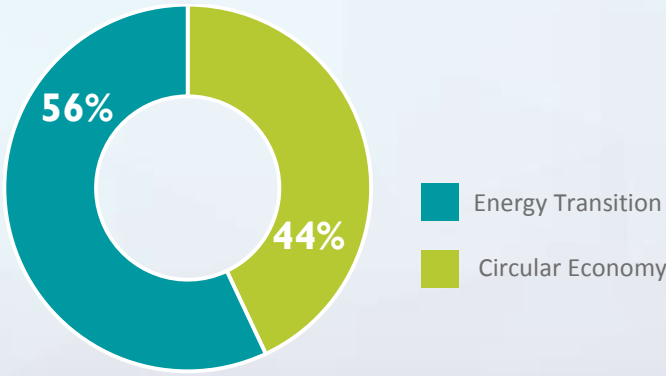
2021 Breakdown by SDGs



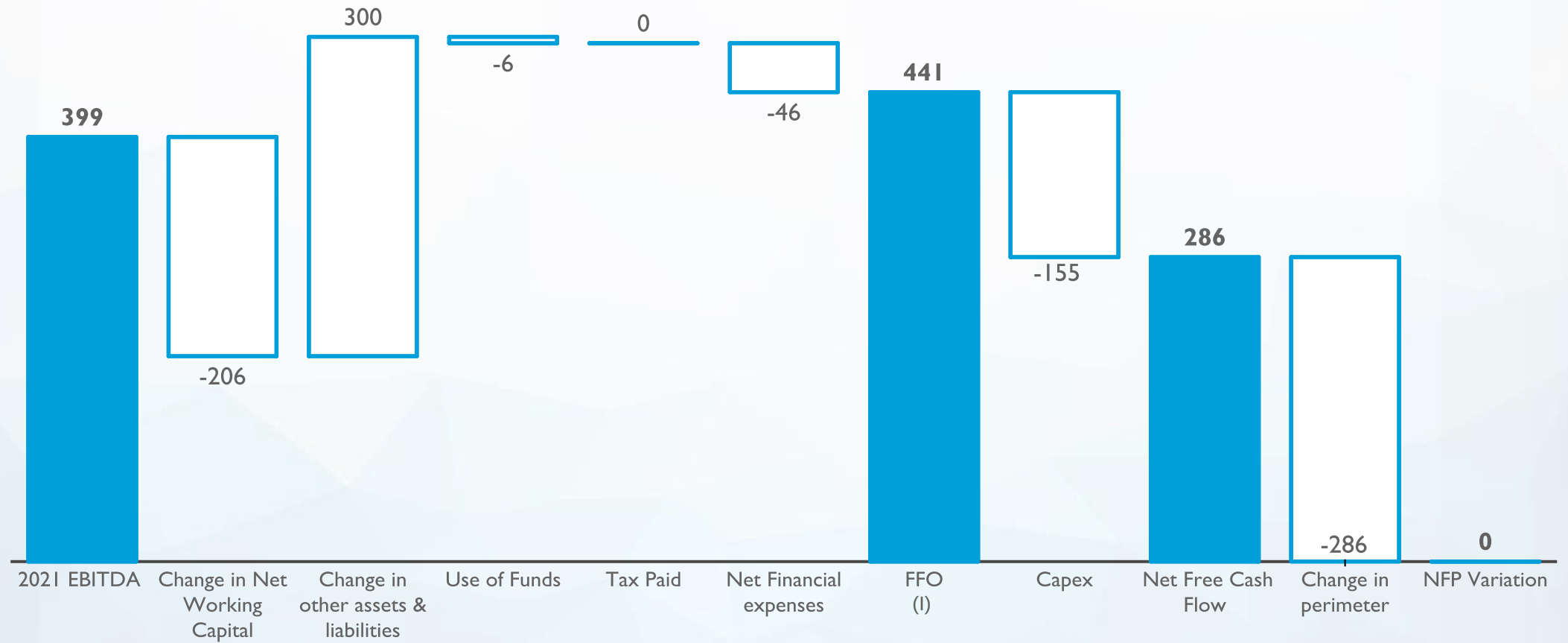
Breakdown by Business



2021 Breakdown by Circular Economy & Energy Transition



# Net Free Cash Flow (€M)



**1Q 2020**

331 (282) 129 (12) - (46) 120 (123) (3) (140) (143)

**EBITDA** 1,230 – 1,250 €M

**CAPEX** >1€B

**2021**  
**GUIDANCE**  
**IMPROVED**

# ANNEXES



# Business Units EBITDA Breakdown

(€M)

|                                                                                                                   | 2020       |            | 2021       |            | Change    |             |           |             |
|-------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|-----------|-------------|-----------|-------------|
|                                                                                                                   | Reported   | Ordinary   | Reported   | Ordinary   | Reported  |             | Ordinary  |             |
| a2a                                                                                                               | 331        | 330        | 399        | 399        | 68        | 21%         | 69        | 21%         |
|  <b>Generation &amp; Trading</b> | <b>58</b>  | <b>56</b>  | <b>90</b>  | <b>89</b>  | <b>32</b> | <b>55%</b>  | <b>33</b> | <b>59%</b>  |
| Power Generation                                                                                                  | 48         | 46         | 78         | 77         | 30        | 63%         | 31        | 67%         |
| Gas Margin                                                                                                        | 4          | 4          | 6          | 6          | 2         | 50%         | 2         | 50%         |
| Photovoltaic                                                                                                      | 6          | 6          | 6          | 6          | 0         | 0%          | 0         | 0%          |
|  <b>Market</b>                   | <b>63</b>  | <b>62</b>  | <b>70</b>  | <b>70</b>  | <b>7</b>  | <b>11%</b>  | <b>8</b>  | <b>13%</b>  |
| Energy Retail                                                                                                     | 62         | 61         | 68         | 68         | 6         | 10%         | 7         | 11%         |
| Public Lighting                                                                                                   | 2          | 2          | 3          | 3          | 1         | 50%         | 1         | 50%         |
| Energy Solutions                                                                                                  | -1         | -1         | -1         | -1         | 0         | n.s.        | 0         | n.s.        |
|  <b>Waste</b>                    | <b>77</b>  | <b>77</b>  | <b>86</b>  | <b>86</b>  | <b>9</b>  | <b>12%</b>  | <b>9</b>  | <b>12%</b>  |
| Collection                                                                                                        | 14         | 14         | 16         | 16         | 2         | 14%         | 2         | 14%         |
| Urban Treatment                                                                                                   | 55         | 55         | 60         | 60         | 5         | 9%          | 5         | 9%          |
| Industrial Treatment                                                                                              | 8          | 8          | 10         | 10         | 2         | 25%         | 2         | 25%         |
|  <b>Networks</b>                | <b>139</b> | <b>139</b> | <b>157</b> | <b>157</b> | <b>18</b> | <b>13%</b>  | <b>18</b> | <b>13%</b>  |
| Electricity Networks                                                                                              | 32         | 32         | 36         | 36         | 4         | 13%         | 4         | 13%         |
| Gas Networks                                                                                                      | 36         | 36         | 44         | 44         | 8         | 22%         | 8         | 22%         |
| Water Cycle                                                                                                       | 14         | 14         | 18         | 18         | 4         | 29%         | 4         | 29%         |
| District Heating                                                                                                  | 54         | 54         | 57         | 57         | 3         | 6%          | 3         | 6%          |
| Smart City                                                                                                        | 3          | 3          | 2          | 2          | -1        | -33%        | -1        | -33%        |
| <b>Corporate</b>                                                                                                  | <b>-6</b>  | <b>-4</b>  | <b>-4</b>  | <b>-3</b>  | <b>2</b>  | <b>-33%</b> | <b>1</b>  | <b>-25%</b> |

# IQ 2021 VS IQ 2020

Profit & Loss (€M)

|                         | IQ 2020 | IQ 2021 | Change vs 2020 | Change % vs 2020 |
|-------------------------|---------|---------|----------------|------------------|
| Revenues                | 1,707   | 2,174   | 467            | 27.4%            |
| <b>EBITDA</b>           | 331     | 399     | 68             | 20.5%            |
| D&A                     | -131    | -156    | -25            | 19.1%            |
| Provisions              | -4      | -6      | -2             | 50.0%            |
| <b>EBIT</b>             | 196     | 237     | 41             | 20.9%            |
| Net Financial Expenses  | -18     | -13     | 5              | -27.8%           |
| Associates & JV         | 0       | 1       | 1              | n.s.             |
| <b>EBT</b>              | 178     | 225     | 47             | 26.4%            |
| Taxes                   | -58     | -72     | -14            | 24.1%            |
| Minorities              | -8      | -17     | -9             | n.s.             |
| <b>Group Net Income</b> | 112     | 136     | 24             | 21.4%            |

# IQ 2021 VS IQ 2020

## Balance Sheet (€M)

|                                                             | 31.12.2020   | 31.03.2020   | 31.03.2021   | Δ vs<br>31.12.2020 | Δ vs<br>31.03.2020 |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------------|--------------------|
| Tangible Assets                                             | 5,162        | 4,917        | 5,337        | 175                | 420                |
| Intangible Assets                                           | 2,737        | 2,429        | 2,851        | 114                | 422                |
| Shareholdings and Other Non Current Financial Assets        | 32           | 75           | 42           | 10                 | -33                |
| Other Non Current Assets/Liabilities                        | -99          | -125         | -105         | -6                 | 20                 |
| Deferred Tax Assets and Liabilities                         | 265          | 286          | 263          | -2                 | -23                |
| Provisions for Risks, Charges and Liabilities for landfills | -752         | -668         | -751         | 1                  | -83                |
| Employee Benefits                                           | -278         | -300         | -272         | 6                  | 28                 |
| <b>Net Fixed Capital</b>                                    | <b>7,067</b> | <b>6,614</b> | <b>7,365</b> | <b>298</b>         | <b>751</b>         |
| Net Working Capital                                         | 617          | 837          | 823          | 206                | -14                |
| Other Current Assets/Liabilities                            | -181         | -406         | -435         | -254               | -29                |
| Current Tax Assets/Liabilities                              | 71           | -2           | -4           | -75                | -2                 |
| <b>Working Capital and Other Current Assets/Liabilities</b> | <b>507</b>   | <b>429</b>   | <b>384</b>   | <b>-123</b>        | <b>-45</b>         |
| Non Current Assets/Liabilities held for sale                | 14           | 0            | 2            | -12                | 2                  |
| <b>Total Capital Employed</b>                               | <b>7,588</b> | <b>7,043</b> | <b>7,751</b> | <b>163</b>         | <b>708</b>         |
| Equity                                                      | 4,116        | 3,746        | 4,279        | 163                | 533                |
| Net Financial Position                                      | 3,472        | 3,297        | 3,472        | 0                  | 175                |
| <b>Total Sources</b>                                        | <b>7,588</b> | <b>7,043</b> | <b>7,751</b> | <b>163</b>         | <b>708</b>         |

# Energy Scenario

|                                              | UoM    | IQ 2020 | IQ 2021 | Δ% vs 2020 |
|----------------------------------------------|--------|---------|---------|------------|
| Brent                                        | \$/bbl | 51.0    | 61.1    | 20%        |
| CO2 – EU ETS cost                            | €/Tonn | 22.9    | 37.5    | 64%        |
| €/€                                          | €/€    | 1.1     | 1.2     | 9%         |
| Brent €                                      | €/bbl  | 46.3    | 50.7    | 10%        |
| PSV <sup>(1)</sup>                           | €/MWh  | 11.3    | 18.7    | 65%        |
| AEEGSI Gas Tariff <sup>(2)</sup>             | c€/mc  | 17.9    | 15.1    | -16%       |
| Coal € (API2)                                | €/Tonn | 44.3    | 55.9    | 26%        |
| PUN Baseload <sup>(3)</sup>                  | €/MWh  | 39.6    | 59.2    | 50%        |
| PUN Peak <sup>(3)</sup>                      | €/MWh  | 44.9    | 68.1    | 52%        |
| PUN Off-Peak <sup>(3)</sup>                  | €/MWh  | 36.6    | 54.4    | 48%        |
| CCGT gas cost <sup>(4)</sup>                 | €/MWh  | 30.7    | 46.0    | 50%        |
| Spark Spread CCGT_PSV vs Baseload            | €/MWh  | 8.9     | 13.3    | 48%        |
| Spark Spread CCGT_PSV vs Peakload            | €/MWh  | 14.2    | 22.2    | 56%        |
| Spark Spread CCGT_PSV vs Off-Peak            | €/MWh  | 6.0     | 8.4     | 41%        |
| Clean Spark Spread vs Baseload               | €/MWh  | -0.2    | -1.7    | n.s.       |
| Clean Spark Spread vs Peakload               | €/MWh  | 5.1     | 7.2     | 42%        |
| Clean Dark Spread vs Baseload <sup>(5)</sup> | €/MWh  | -12.2   | -12.4   | 2%         |

Note: (1) Gas at virtual trading point

(2) Pfor 162/14 Oct2014-Mar 2016

(3) Hourly average for each month

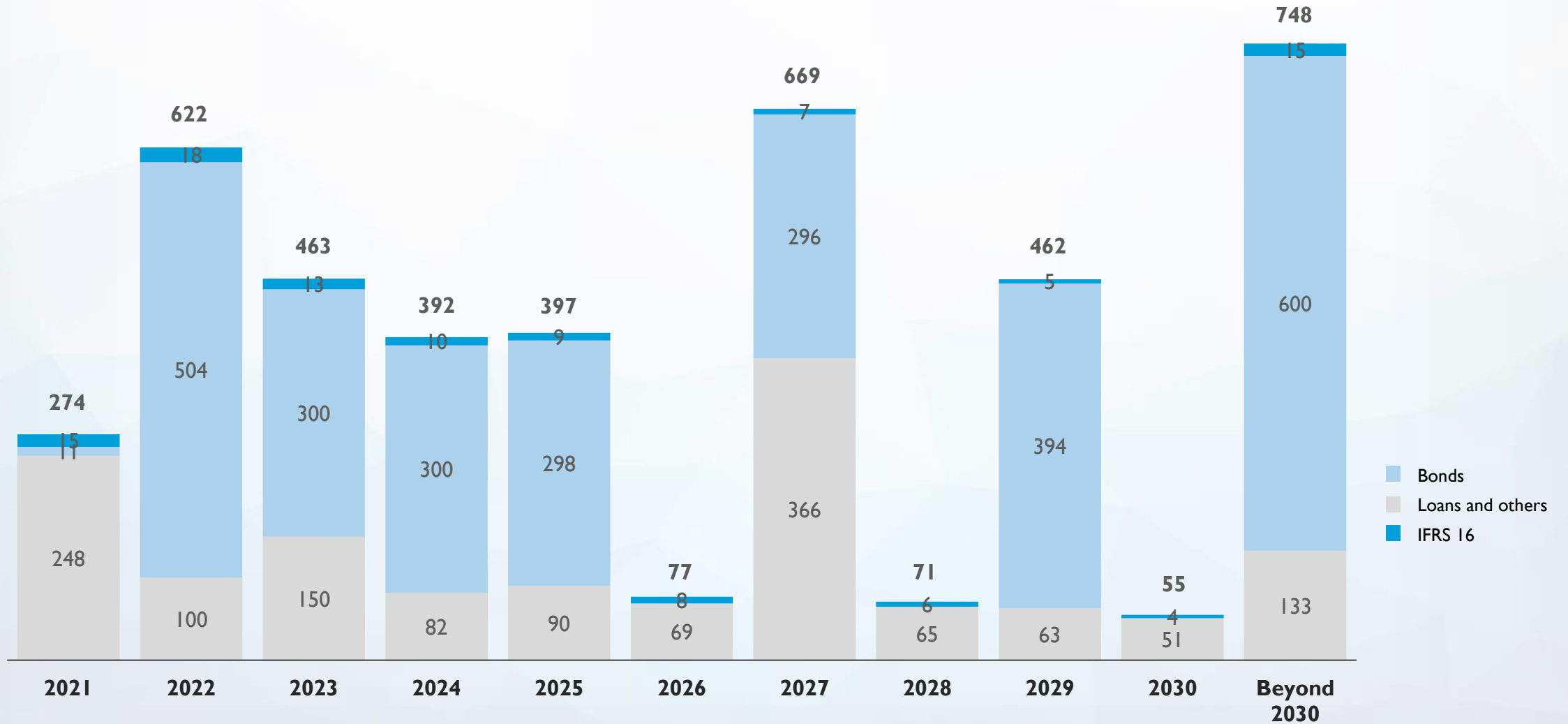
(4) Based on as at virtual trading point with 51% efficiency; includes transport costs

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

# Volumes

|                                             | UoM  | 2020  | 2021  | Δ vs 2020 | Δ% vs 2020 |
|---------------------------------------------|------|-------|-------|-----------|------------|
| A2A Group thermal production                | GWh  | 2,967 | 3,458 | 491       | 17%        |
| - CCGT production                           | GWh  | 2,714 | 3,213 | 499       | 18%        |
| - Coal production                           | GWh  | 114   | 74    | -40       | -35%       |
| - Oil production                            | GWh  | 139   | 172   | 33        | 24%        |
| A2A Group Renewable production              | GWh  | 853   | 1,055 | 202       | 24%        |
| - Hydro production                          | GWh  | 828   | 1,024 | 197       | 24%        |
| - Photovoltaic production                   | GWh  | 26    | 24    | -2        | -7%        |
| - Wind production                           | GWh  | 0     | 7     | 7         | n.s.       |
| Electricity sales                           | GWh  | 3,779 | 4,376 | 598       | 16%        |
| Gas sales                                   | Mmc  | 936   | 1,035 | 100       | 11%        |
| Electricity distributed                     | GWh  | 2,744 | 2,835 | 92        | 3%         |
| Gas distributed                             | Mmc  | 1,278 | 1,490 | 212       | 17%        |
| Water Distributed                           | Mmc  | 19    | 19    | 0         | 0%         |
| Heat volumes sales                          | GWht | 1,353 | 1,483 | 130       | 10%        |
| Cogeneration electricity sales              | GWh  | 162   | 154   | -8        | -5%        |
| Collected waste                             | Kton | 403   | 453   | 50        | 12%        |
| Waste disposal                              | Kton | 823   | 876   | 53        | 6%         |
| WTE and other plants electricity production | GWh  | 479   | 489   | 10        | 2%         |
| WTE and other plants heat production        | GWht | 614   | 650   | 36        | 6%         |

# Gross debt maturities as of 31 March 2021

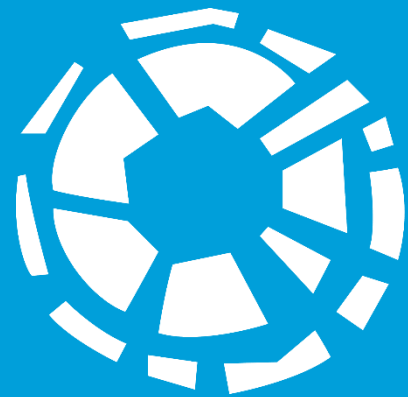


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