



A2A

IH 2022 Results

Milan

29th July 2022



a2a
LIFE COMPANY

HIGHLIGHTS



Business plan 2021-2030 – Achievements IH 2022



Energy transition

+70
MW

Ensuring system flexibility

Completed the upgrade of CCGT Cassano through AGP. The project was awarded a 15-year contract in the capacity market auction, starting the delivery in 2022



Accelerating RES growth

Completed the acquisition of wind farms and photovoltaic portfolios

30_{MW}
Wind

Start of land remediation and construction of **Matarocco 30 MW Wind Plant in Sicily**



Rebalancing energy networks

Primary substation of Rozzano in operation, necessary to balance power overloads in the southern area of Milan, enabling further electrification



Gas networks rationalization

Completion of the **closing for the sale of non-strategic natural gas distribution assets** to the consortium formed by Acea, Ascopiave and Iren: 127€M of enterprise value and a total RAB of 102€M



Circular economy



Leading bioenergy development

Signed agreement with BTS biogas: partnership for the construction of biomethane plants in Italy, powered by agricultural and agro-industrial waste



Water management

Launched water purification plant in Alfanello municipality, supporting demographic development in the served area

6,000
inhabitants

Sustainable Finance



Supporting green transition

55% share of ESG Debt achieved as of June 30, 2022 anticipating the target set for 2023 thanks to the 500€M Sustainability-Linked Bond and the 600€M Green Bond issued during the IH

New RCF targeting Social & Governance KPIs and first Insurance Policy with ESG targets

Highlights of the period



MSD margin
Capacity Market
Scenario effect on EE and Heating
Trading Portfolio

*Asset disposals
(properties and non-strategic ATEM)*



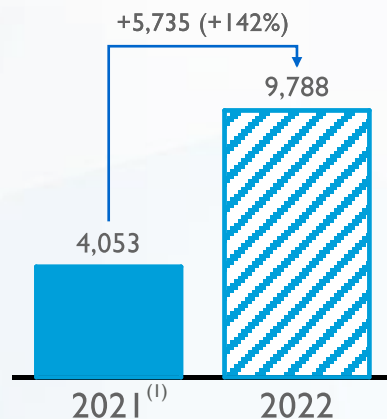
Energy & Gas retail margins
Hydroelectric production
Allowed revenues on Gas distribution (lower regulated WACC)

Government measures

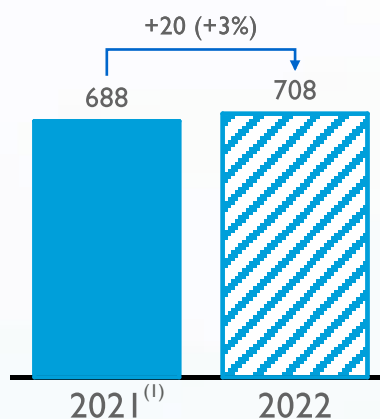
IH 2022 VS IH 2021

Key Financial Indicators (€M)

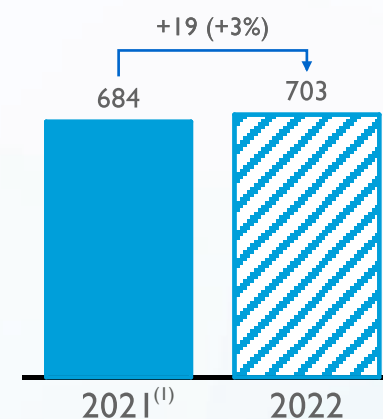
Revenues



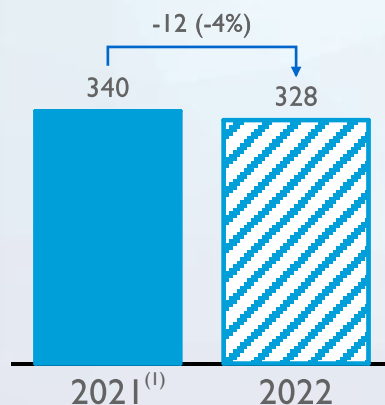
EBITDA



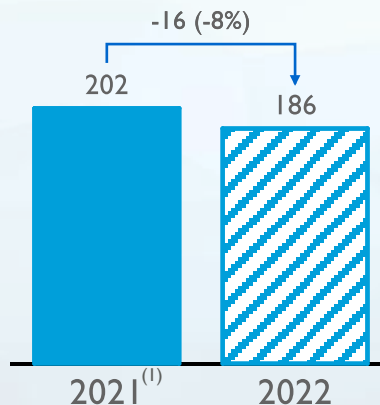
EBITDA Ordinary



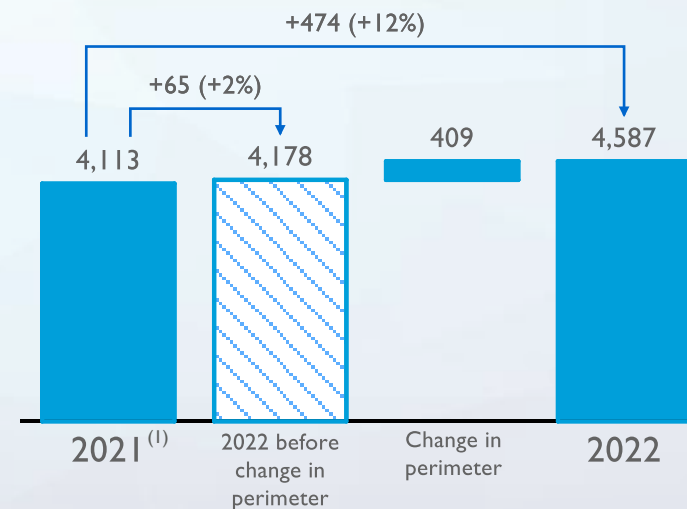
Group Net Income



Group Net Ordinary Income



Net Financial Position



IH 2022 VS IH 2021

Group EBITDA (€M)



+57%



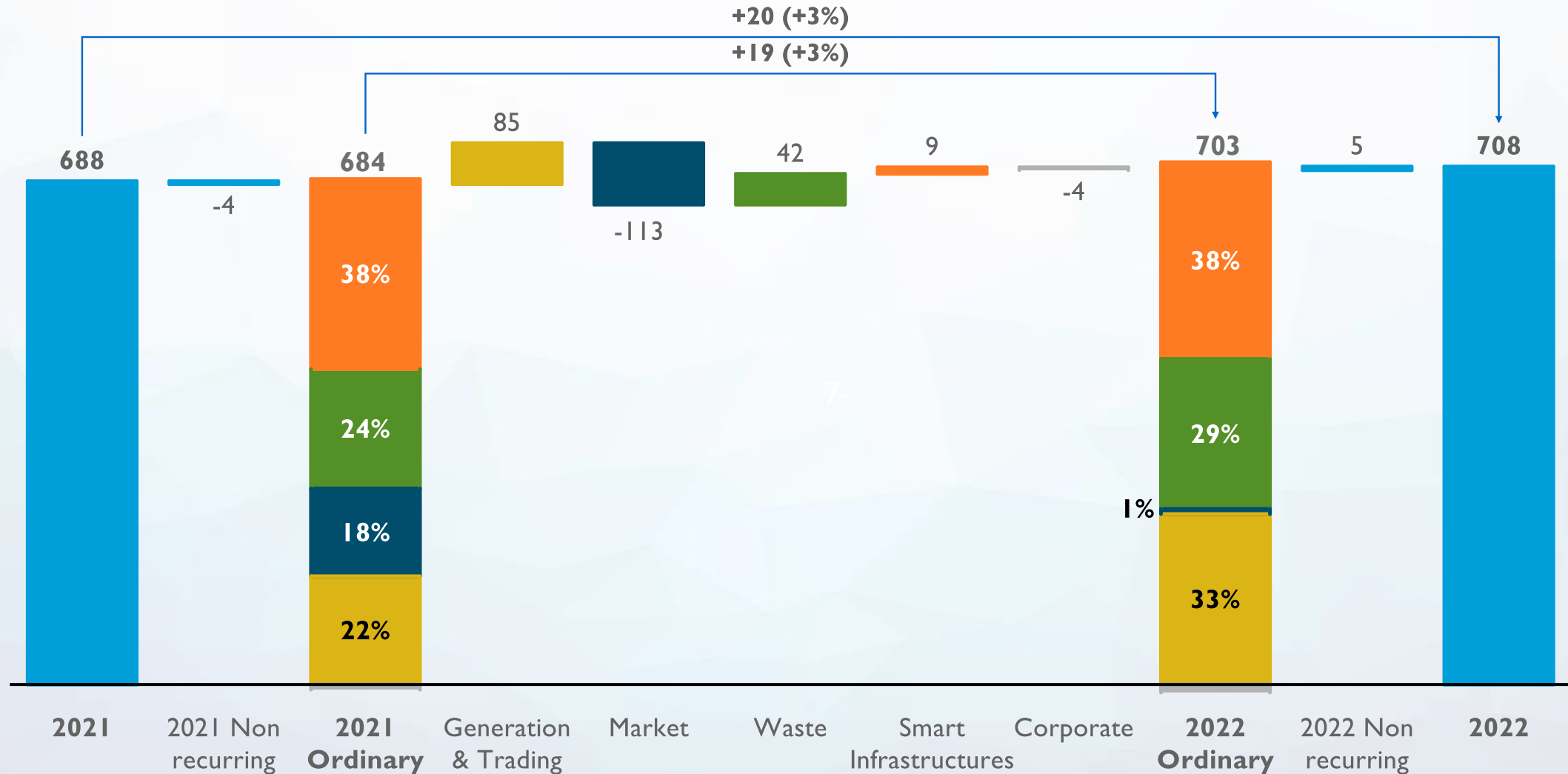
-94%



+26%



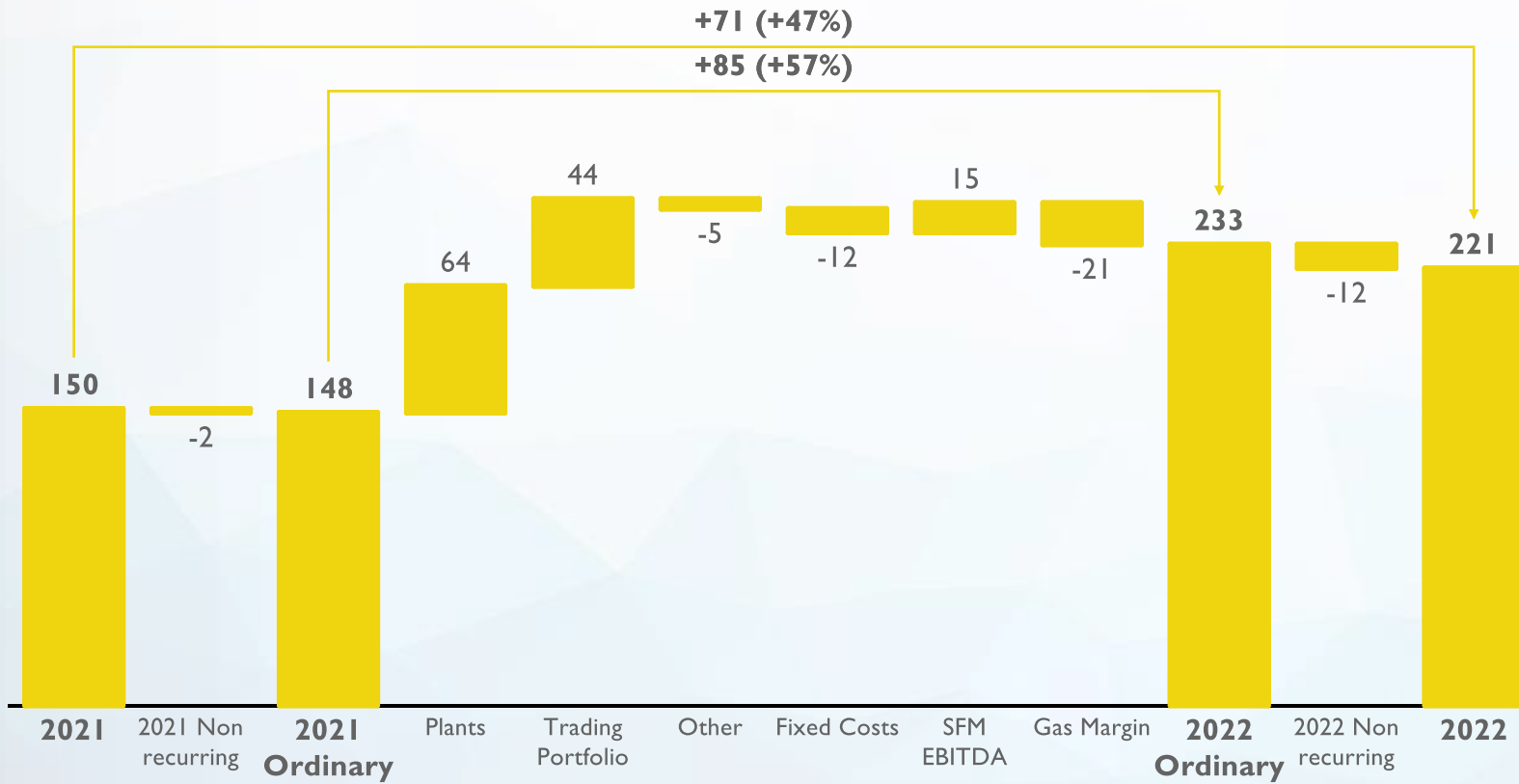
+3%





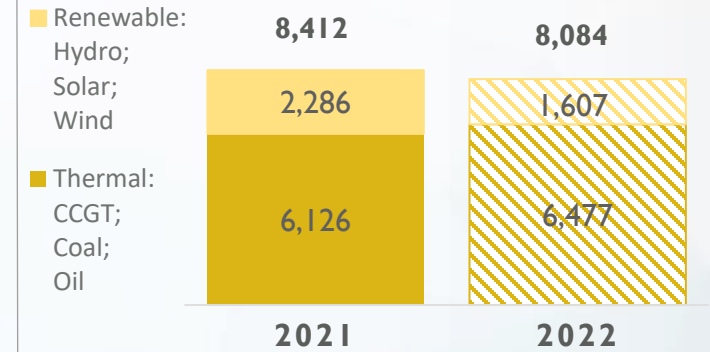
Generation & Trading

EBITDA 1H (€M)

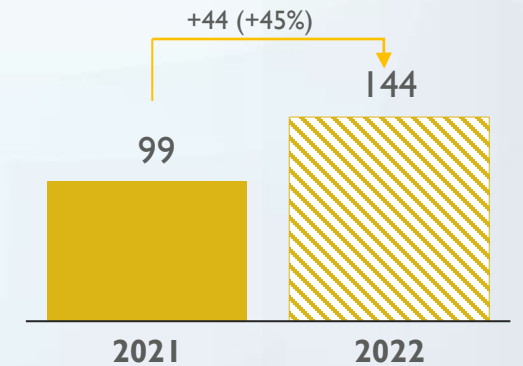


- Higher MSD margin
- Capacity market
- Positive Electricity scenario
- Trading Portfolio opportunities due to price volatility
- Lower Hydroelectric productions (-36%)
- Negative Gas Portfolio due to scenario effect

Production (GWh)



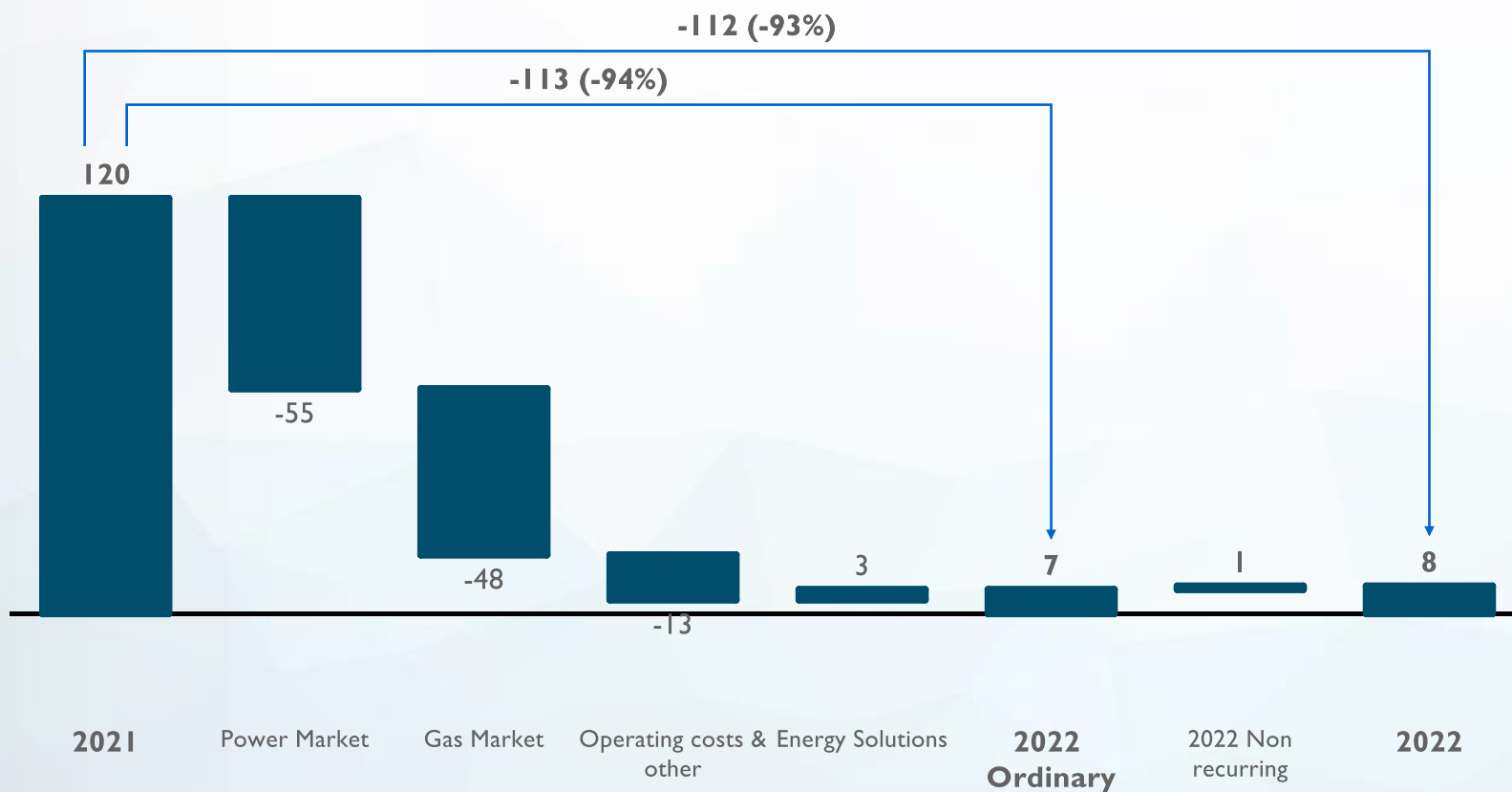
MSD Margin (€M)





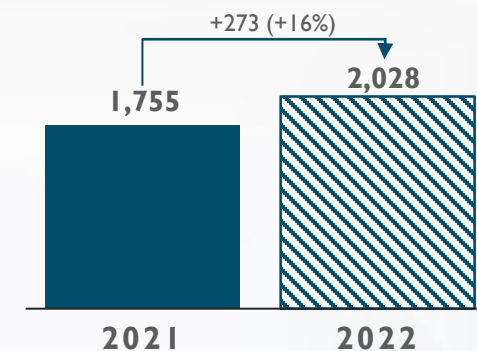
Market

EBITDA 1H (€M)

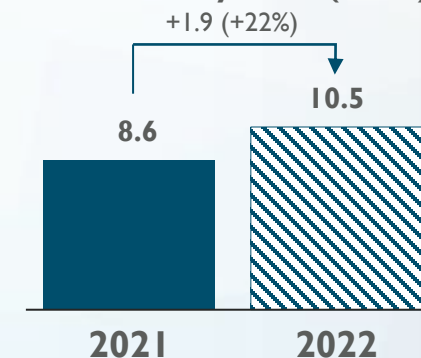


- Most of the contraction in IQ (about 80%)
- Lower Electricity and Gas unitary margins on Free Market, due to contract timing, different consumption profiles from those contracted, higher unbalancing costs (price effect), partially offset by higher commercial margins.
- 3,0M mass market customer base, of which 2.0M in free market (+175K Vs Dec. 2021)

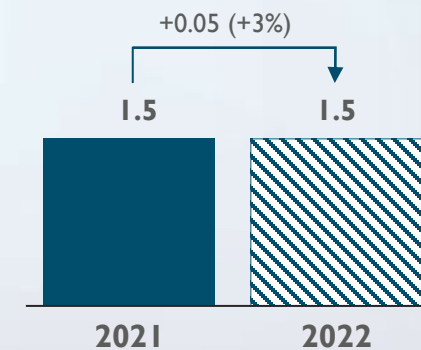
Free Mass Market Customers (#/000)



Electricity Sales (TWh)



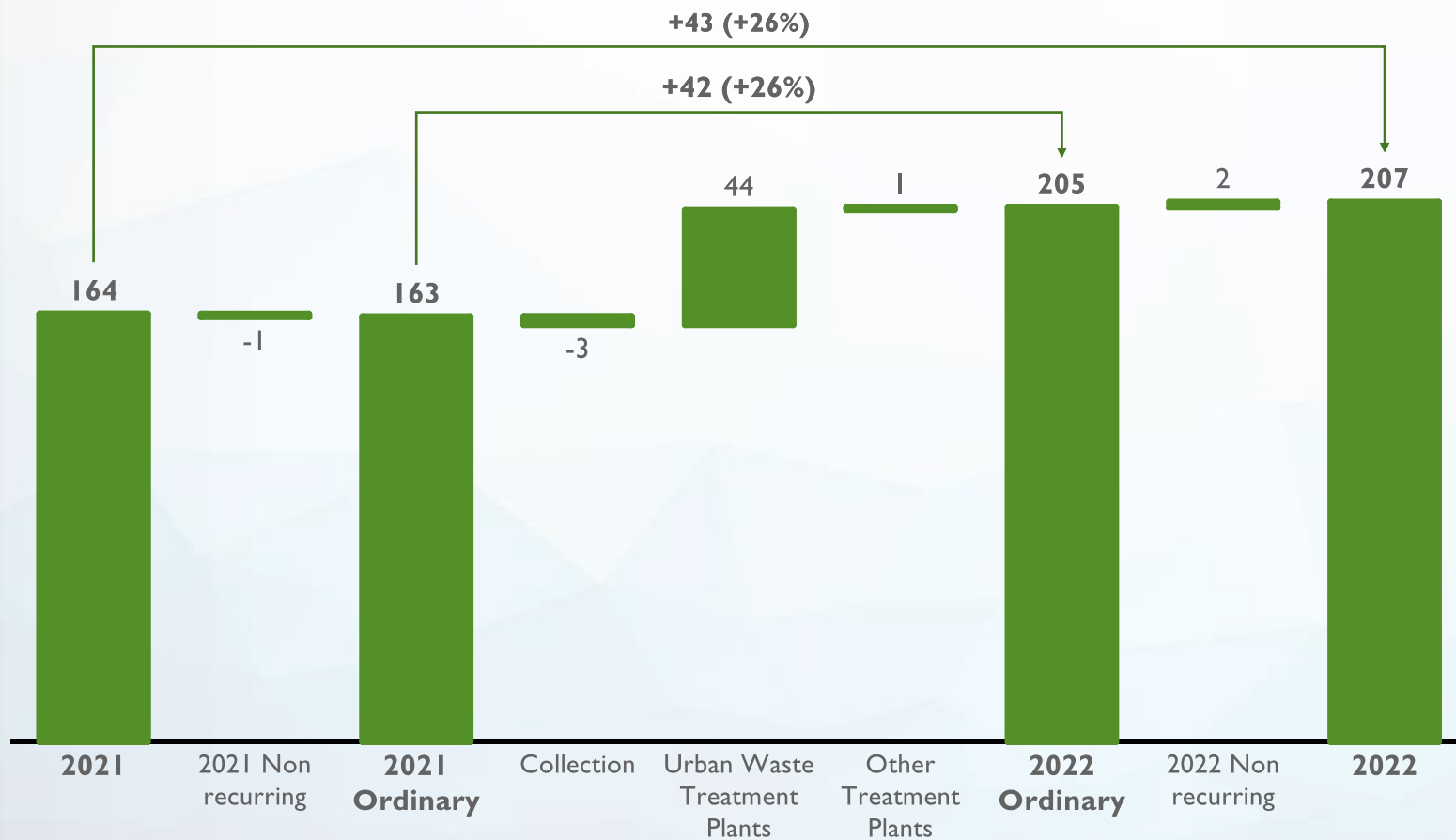
Gas Sales (Bcm)





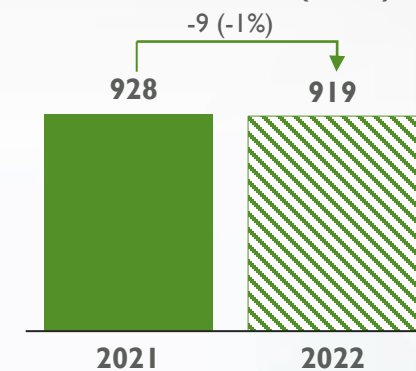
Waste

EBITDA 1H (€M)

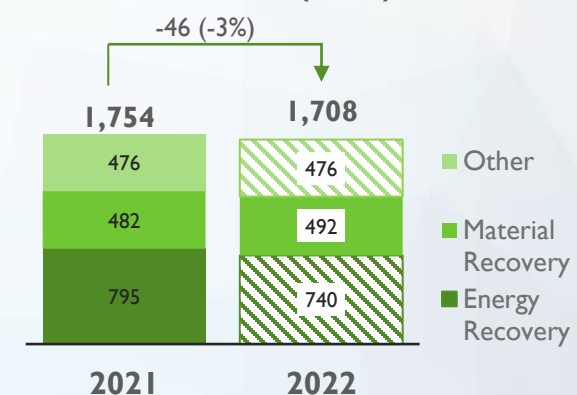


- Scenario effect on WTE
- Planned maintenance on WTE (Brescia and Acerra) in 2Q 2022
- Collection: higher fuel costs and end of waste concession in Varese

Waste Collection (Kton)

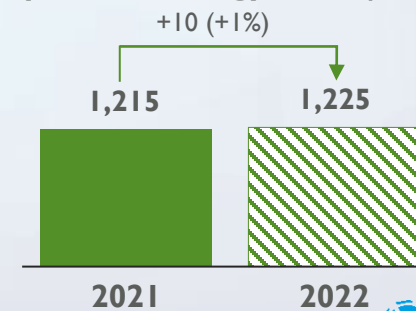


Waste Treatment (Kton)



Waste treatment volumes net of elimination between plants.

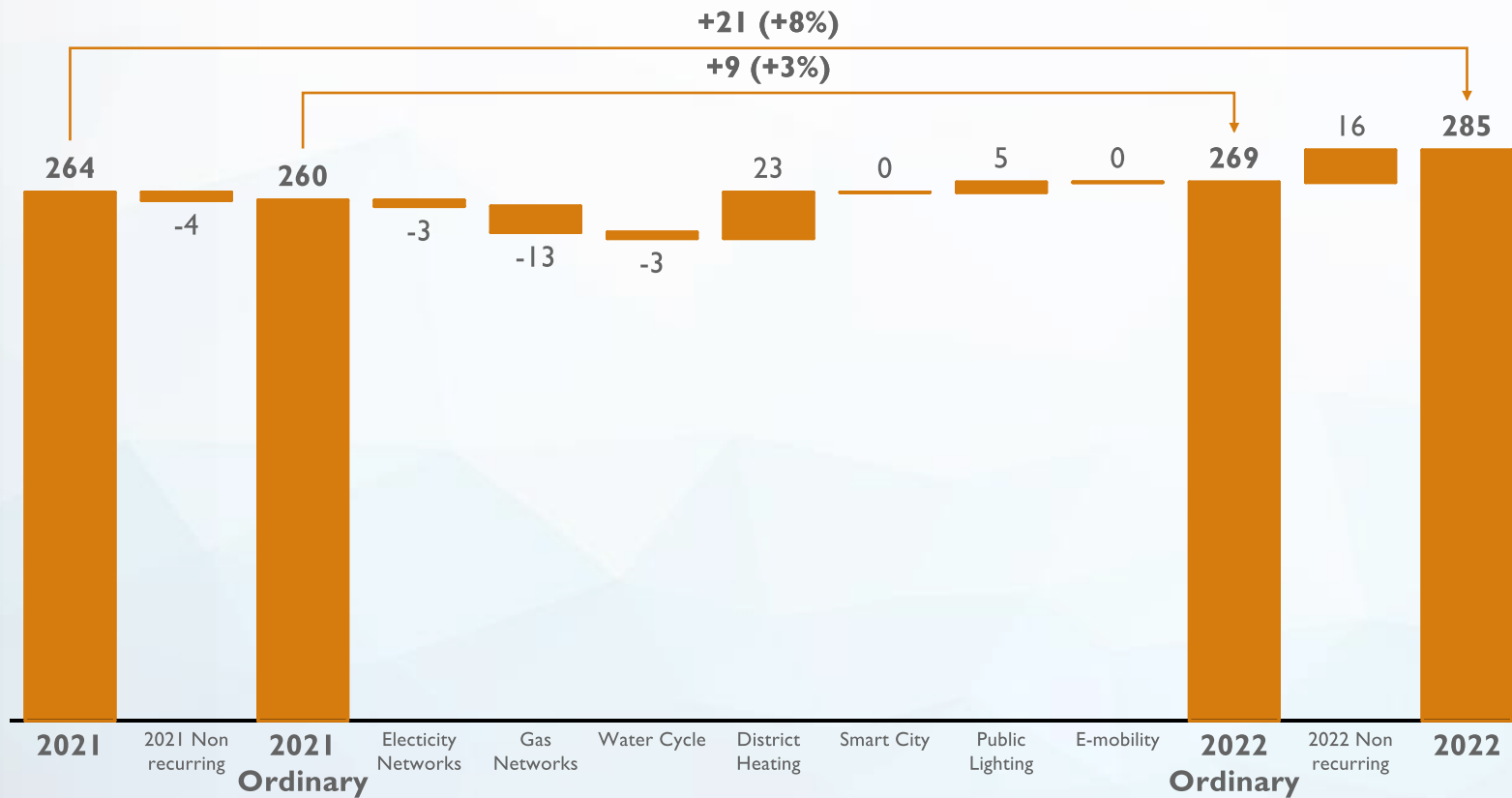
Equivalent Energy Sales (GWh)





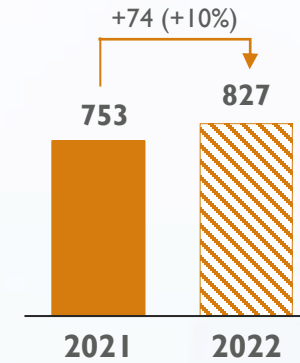
Smart Infrastructures

EBITDA 1H (€M)

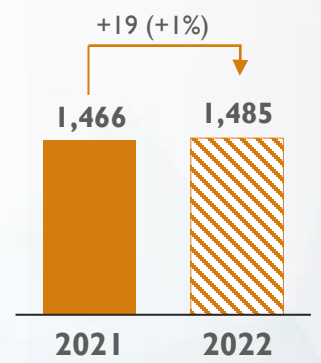


- Positive scenario effect on District Heating
- Public lighting: adjusted fee due to scenario effect
- Gas Networks: lower regulatory WACC, higher concession fee related to ATEM MI and operating costs (electricity)

RAB EE* (€M)

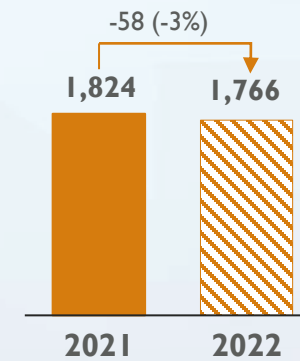


RAB GAS* (€M)

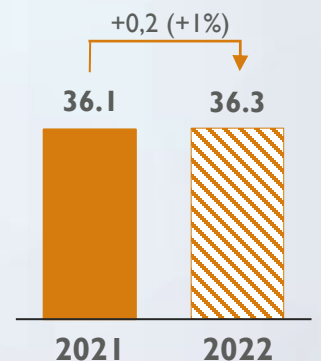


* Provisional data, underlying the estimate of allowed revenues of the period.

Heat Volumes (GWh)

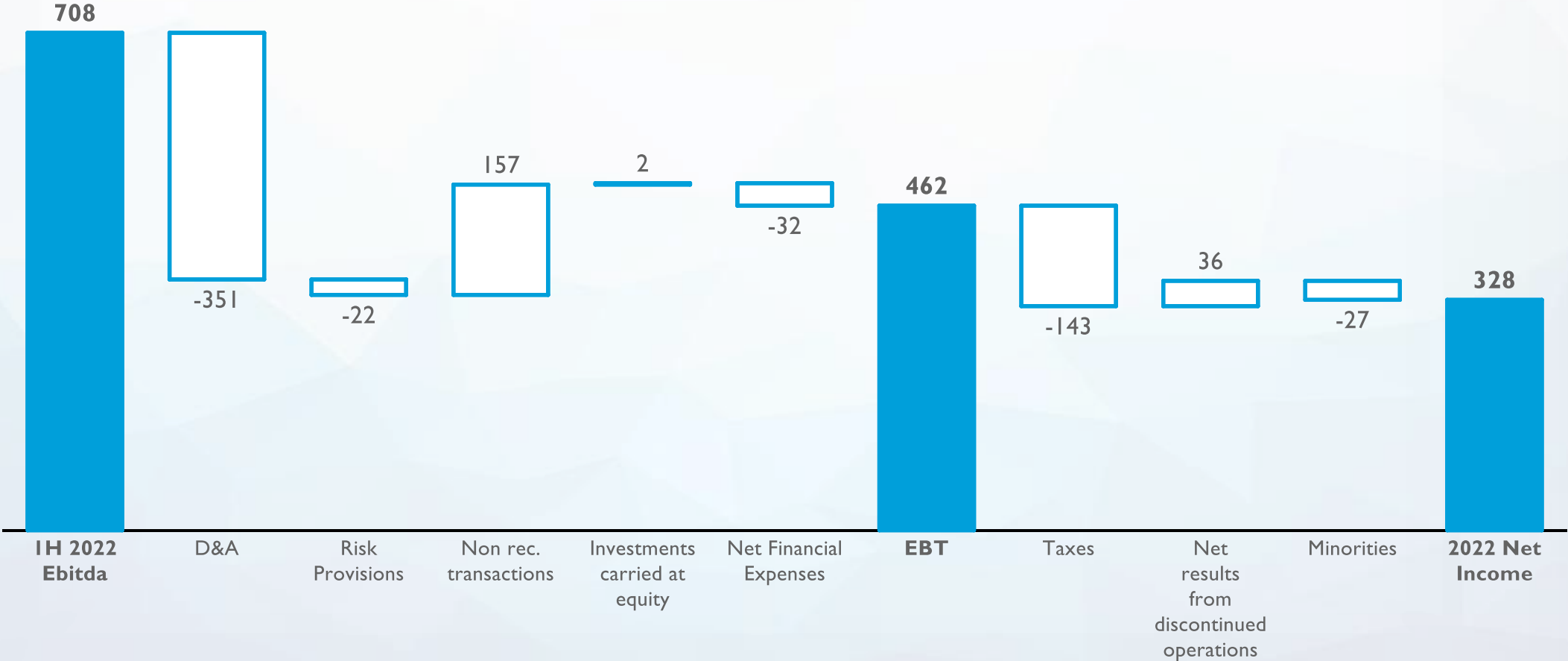


Distributed Water (Mcm)



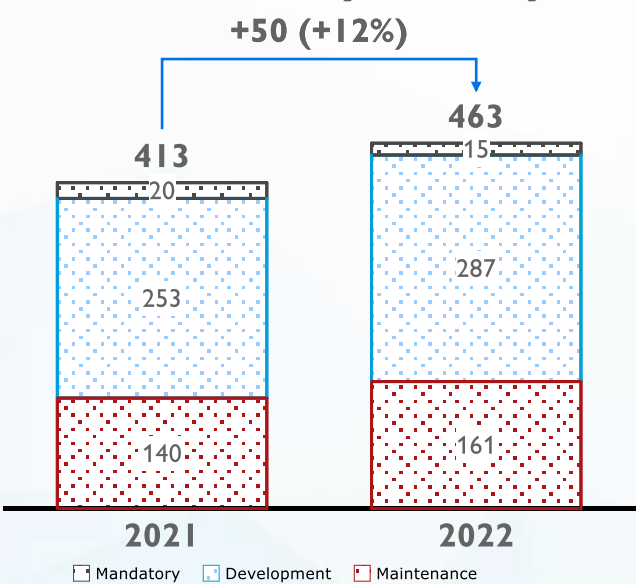
From EBITDA to Group Net Income

(€M)

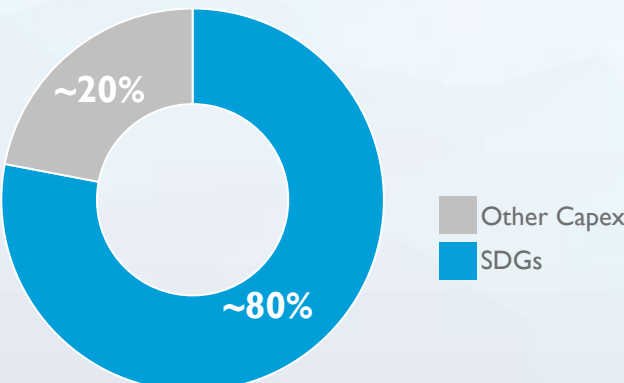


IH 2021	688	(320)	(12)	(1)	3	(29)	329	41	-	(30)	340
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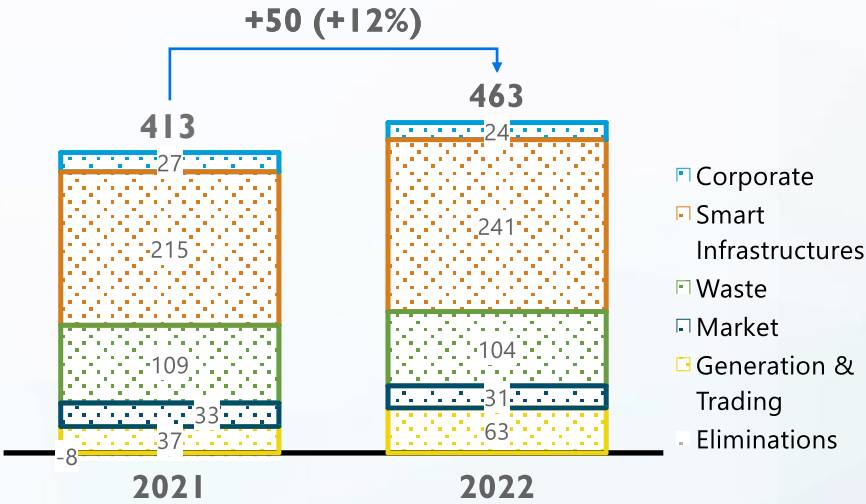
Breakdown by Activity



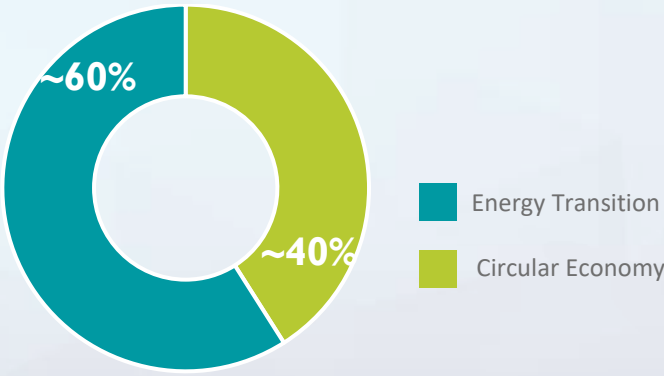
IH 2022 Breakdown by SDGs



Breakdown by BU



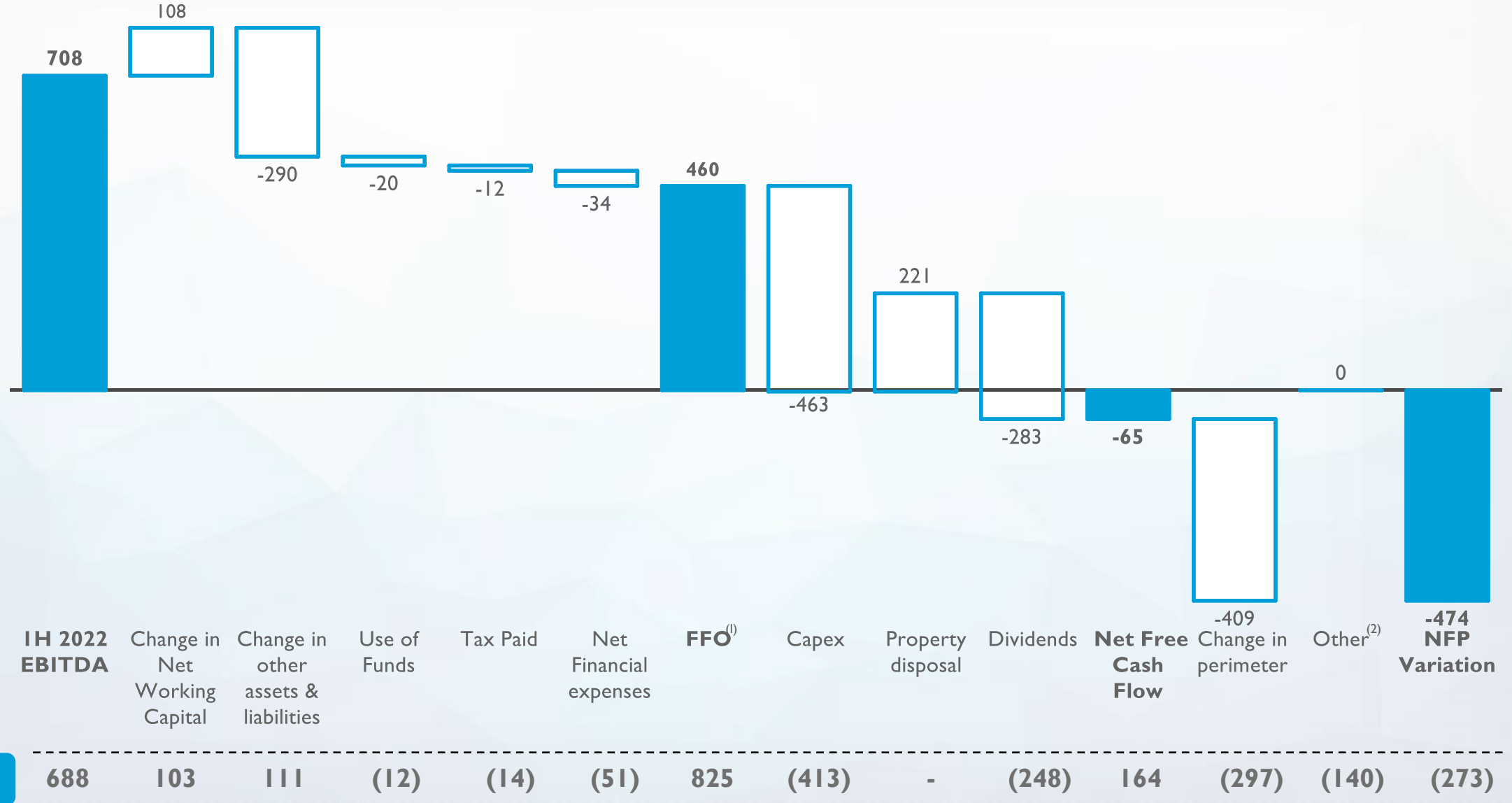
IH 2022 Breakdown by Circular Economy & Energy Transition



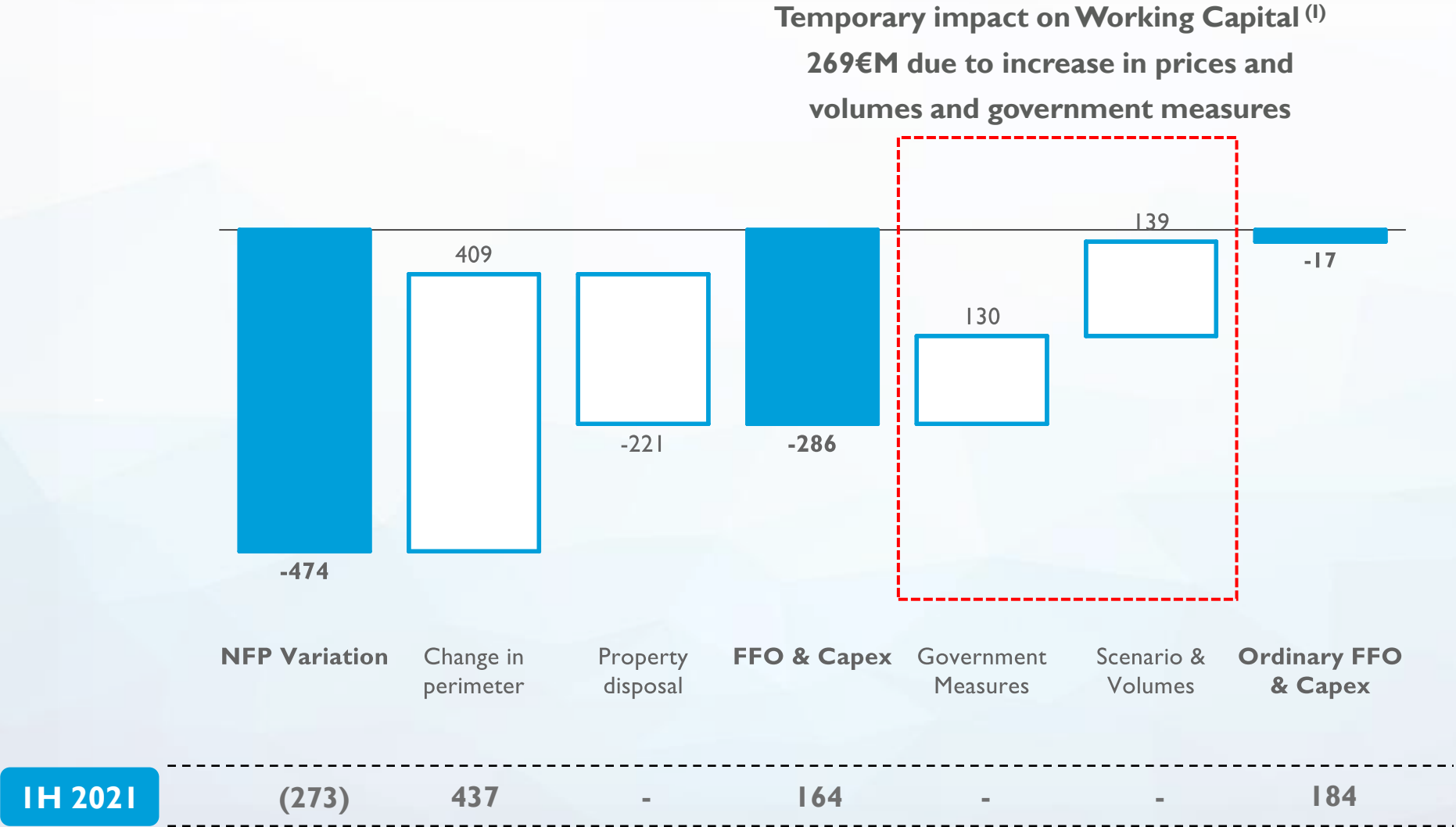
From July 1st, 2021, with retroactive effectiveness from 01.01.2021, Smart Infrastructure Business Unit includes Public Lighting sector. Therefore, data related to IH 2021 have been restated to ensure full comparability

Net Free Cash Flow

(€M)



Cash flow adjusted for temporary items (€M)



EBITDA 1,400 – 1,450 €M

**NET
ORDINARY
INCOME⁽¹⁾** 330 – 370 €M

**2022
GUIDANCE
CONFIRMED**

ANNEXES



Business Units EBITDA Breakdown

(€M)



	IH 2022		IH 2021		Change			
	Reported	Ordinary	Reported	Ordinary	Reported		Ordinary	
A2A	708	703	688	684	20	3%	19	3%
Generation & Trading	221	233	150	148	71	47%	85	57%
Power Generation	249	261	157	155	92	59%	106	68%
Gas Margin	-28	-28	-7	-7	-21	n.s.	-21	n.s.
Market	8	7	120	120	-112	-93%	-113	-94%
Energy Retail	8	7	123	123	-115	-93%	-116	-94%
Energy Solutions	0	0	-3	-3	3	n.s.	3	n.s.
Waste	207	205	164	163	43	26%	42	26%
Collection	27	27	30	30	-3	-10%	-3	-10%
Urban Treatment	157	155	112	111	45	40%	44	40%
Industrial Treatment	23	23	22	22	1	5%	1	5%
Smart Infrastructures	285	269	264	260	21	8%	9	3%
Electricity Networks	69	69	72	72	-3	-4%	-3	-4%
Gas Networks	72	72	89	85	-17	-19%	-13	-15%
Water Cycle	44	30	33	33	11	33%	-3	-9%
District Heating	86	84	61	61	25	41%	23	38%
Smart City	3	3	3	3	0	0%	0	0%
Public Lighting	11	11	6	6	5	83%	5	83%
E-Moving	0	0	0	0	0	n.s.	0	n.s.
Corporate	-13	-11	-10	-7	-3	30%	-4	57%

IH 2022 VS IH 2021

Profit & Loss (€M)

	IH 2022	IH 2021	Change vs 2021	Change % vs 2021
Revenues	9,788	4,053	5,735	142%
EBITDA	708	688	20	3%
D&A	-351	-320	-31	10%
Provisions	-22	-12	-10	83%
EBIT	335	356	-21	-6%
Net Financial Expenses	-32	-29	-3	10%
Associates & JV	2	3	-1	-33%
Result from non recurring transactions	157	-1	158	n.s.
EBT	462	329	133	40%
Taxes	-143	41	-184	n.s.
Net Results from disc. Operations	36	0	36	n.s.
Minorities	-27	-30	3	-10%
Group Net Income	328	340	-12	-4%

IH 2022 VS IH 2021

Balance Sheet (€M)

	06.30.2022	06.30.2021	12.31.2021	Δ vs 06.30.2021	Δ vs 12.31.2021
Tangible Assets	5,769	5,387	5,588	382	181
Intangible Assets	3,265	2,911	3,125	354	140
Shareholdings and Other Non Current Financial Assets	316	65	73	251	243
Other Non Current Assets/Liabilities	-75	-72	-93	-3	18
Deferred Tax Assets and Liabilities	381	407	424	-26	-43
Provisions for Risks, Charges and Liabilities for landfills	-703	-734	-797	31	94
Employee Benefits	-240	-261	-294	21	54
Net Fixed Capital	8,713	7,703	8,026	1,010	687
Net Working Capital	493	514	601	-21	-108
Other Current Assets/Liabilities	25	-251	-405	276	430
Current Tax Assets/Liabilities	-149	-44	47	-105	-196
Working Capital and Other Current Assets/Liabilities	369	219	243	150	126
Non Current Assets/Liabilities held for sale	0	2	147	-2	-147
Total Capital Employed	9,082	7,924	8,416	1,158	666
Equity	4,495	4,179	4,303	316	192
Net Financial Position	4,587	3,745	4,113	842	474
Total Sources	9,082	7,924	8,416	1,158	666

Energy Scenario

	UoM	IH 2022	IH 2021	Δ% vs 2021
Brent	\$/bbl	104.4	65.1	61%
CO2 – EU ETS cost	€/Tonn	83.7	43.8	91%
€/€	€/€	1.1	1.2	-9%
Brent €	€/bbl	95.8	54.0	77%
PSV ⁽¹⁾	€/MWh	97.8	21.8	348%
AEEGSI Gas Tariff ⁽²⁾	c€/mc	84.8	16.4	418%
Coal € (API2)	€/Tonn	259.0	64.7	300%
PUN Baseload ⁽³⁾	€/MWh	248.6	66.9	272%
PUN Peak ⁽³⁾	€/MWh	267.4	73.9	262%
PUN Off-Peak ⁽³⁾	€/MWh	238.2	63.0	278%
CCGT gas cost ⁽⁴⁾	€/MWh	214.4	52.1	312%
Spark Spread CCGT_PSV vs Baseload	€/MWh	34.2	14.8	131%
Spark Spread CCGT_PSV vs Peakload	€/MWh	52.9	21.9	142%
Spark Spread CCGT_PSV vs Off-Peak	€/MWh	23.8	11.0	117%
Clean Spark Spread vs Baseload	€/MWh	0.8	-2.7	-129%
Clean Spark Spread vs Peakload	€/MWh	19.6	4.4	348%
Clean Dark Spread vs Baseload ⁽⁵⁾	€/MWh	48.2	-14.5	-433%

Notes:

(1) Gas at virtual trading point

(2) Pfor 162/14 Oct2014-Mar 2016

(3) Hourly average for each month

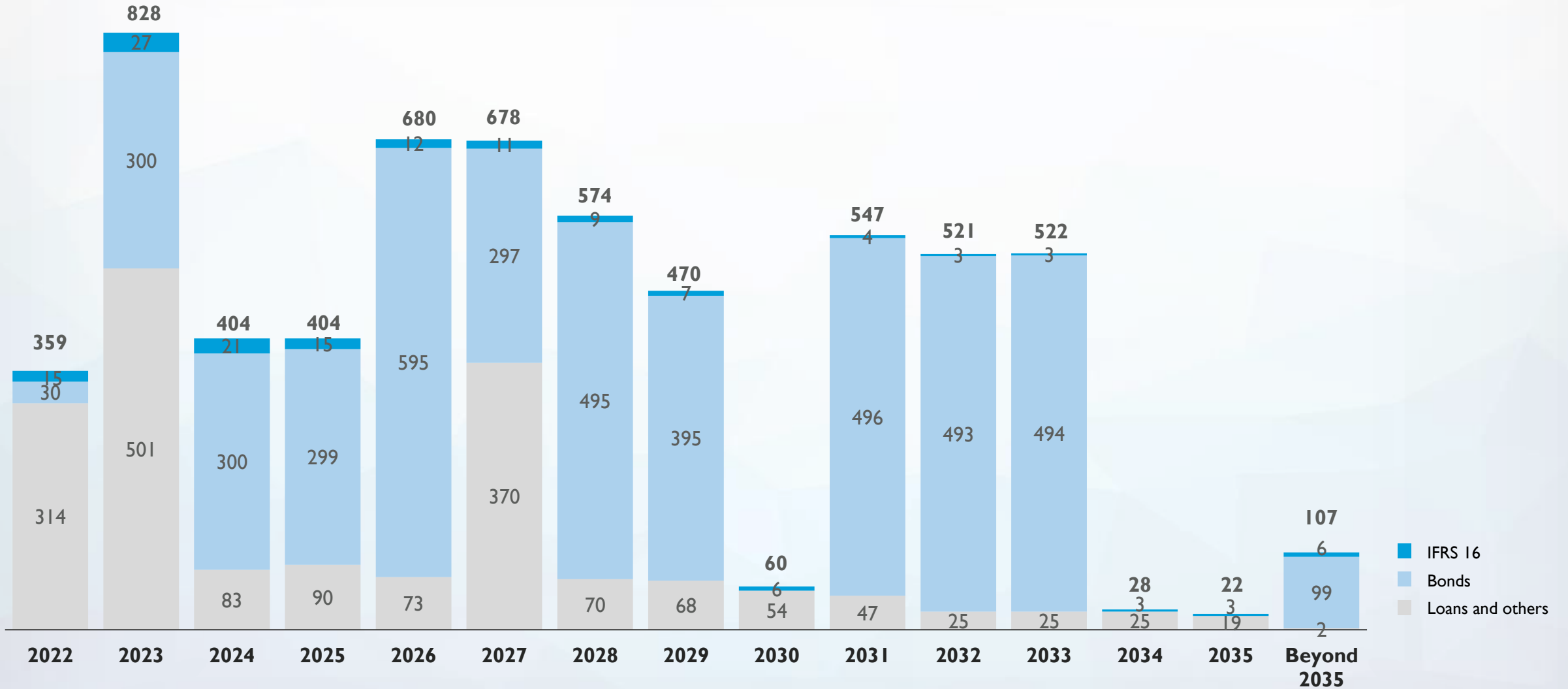
(4) Based on as at virtual trading point with 51% efficiency; includes transport costs

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

Volumes

	UoM	IH 2022	IH 2021	Δ vs 2021	Δ% vs 2021
A2A Group Thermal production	GWh	6,477	6,126	352	6%
- CCGT production	GWh	5,918	5,639	279	5%
- Coal production	GWh	125	74	51	69%
- Oil production	GWh	434	413	22	5%
A2A Group Renewable production	GWh	1,607	2,286	-679	-30%
- Hydro production	GWh	1,369	2,135	-766	-36%
- Photovoltaic production	GWh	194	139	56	40%
- Wind production	GWh	43	12	32	270%
Electricity sales	GWh	10,456	8,593	1,862	22%
Gas sales	Mcm	1,526	1,479	47	3%
Electricity distributed	GWh	5,656	5,632	23	0%
Gas distributed	Mcm	1,732	1,856	-123	-7%
Water Distributed	Mcm	36	36	0	0%
Heat volumes sales	GWht	1,766	1,824	-58	-3%
Cogeneration electricity sales	GWh	199	189	10	5%
Collected waste	Kton	919	928	-9	-1%
Waste disposal	Kton	1,708	1,754	-46	-3%
- Material recovery	Kton	492	482	9	2%
- Energy recovery	Kton	740	795	-55	-7%
- Other	Kton	476	476	0	0%
WTE and other plants electricity production	GWh	1,068	1,057	11	1%
WTE and other plants heat production	GWht	919	920	-1	0%

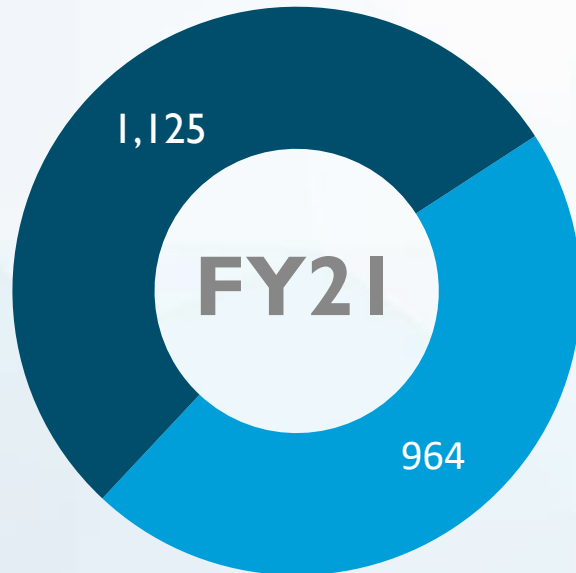
Gross debt maturities as of 30st June 2022



Increased liquidity position to deal with market volatility

Liquidity position as of FY21⁽¹⁾

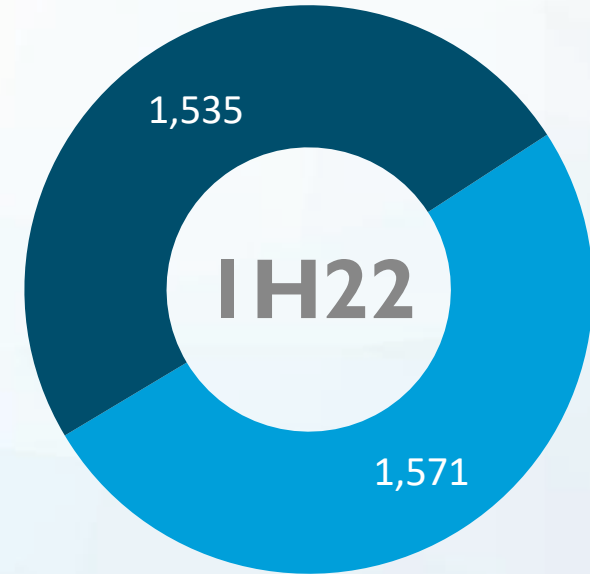
2,089 €M



● Cash ● Undrawn Committed Lines

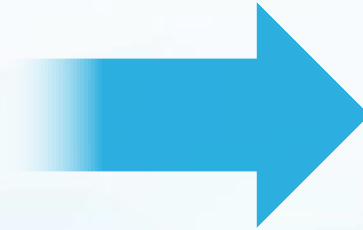
Liquidity position as of 1H22⁽¹⁾

3,106 €M

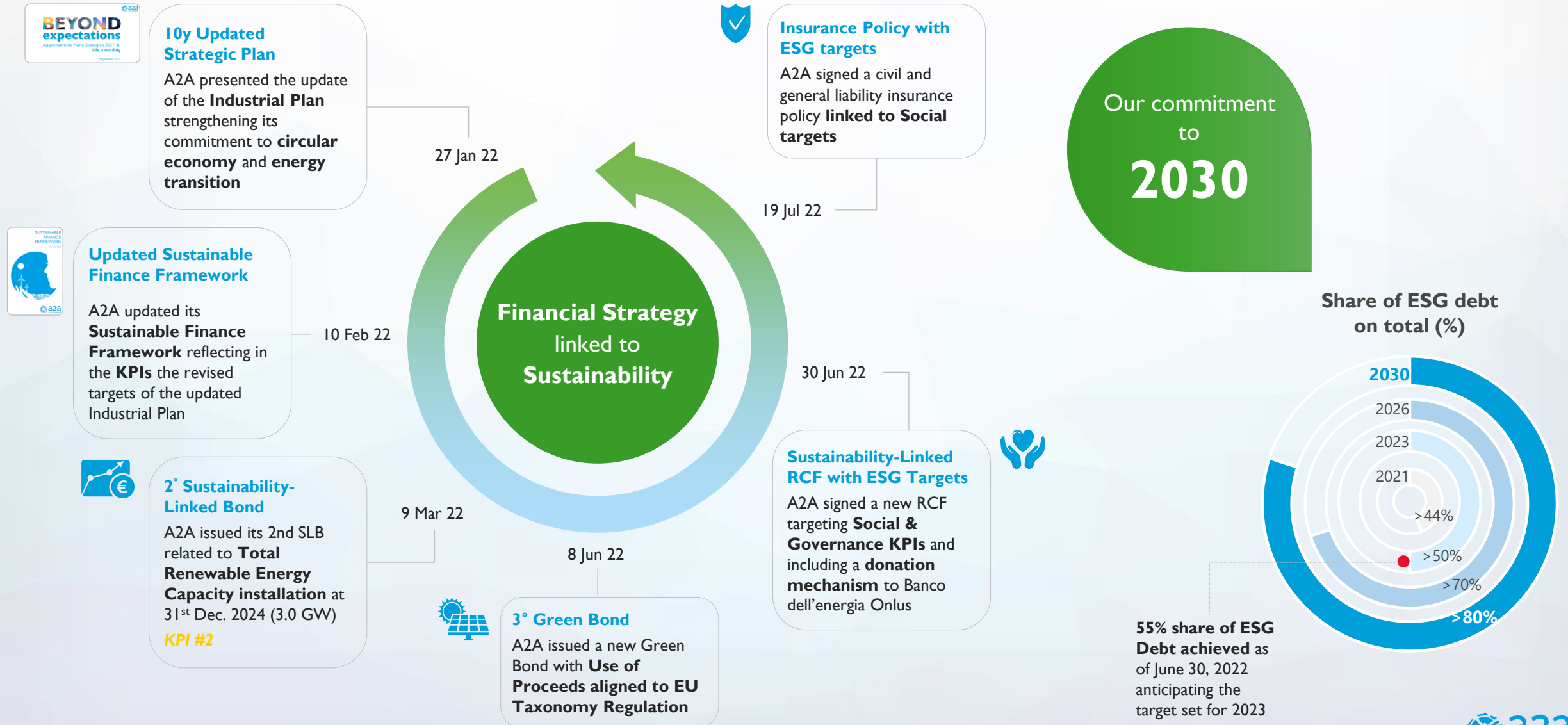


● Cash ● Undrawn Committed Lines

+1,017 €M



Financial Strategy Linked to Sustainability: 2022 HIGHLIGHTS





Social & Governance

50%
supply
chain

Increasing a sustainable Supply Chain

Partnership with EcoVadis to assess and improve sustainability performances of A2A's suppliers. As of today, about 100 suppliers have been analysed, accounting for 50% of A2A orders

B-Smart

Innovation and new ways of working

Inaugurated B-Smart multifunctional center in company perimeter in Brescia, built in compliance with the NZEB¹ and ESG protocol

EE+
corporate
rating

Acknowledgements

Standard Ethics raised A2A Corporate Rating to "EE+". A2A becomes the Italian company with the highest rating in the sector. The achieved result shows progress toward achievement of UN SDGs 7, 9, 12, 13 and 5

FT
ranking

A2A has been included for the second year in "Europe's Climate Leaders" ranking by Financial Times. The list includes the 400 European companies that achieved the greatest reduction in their GHG emissions intensity between 2015 and 2020

KPI

Waste treated² (Mton)

2.8

+6%
vs 2021

WTE Equivalent Energy sales (GWh)

1,225

+10 GWh
vs 2021

Solar & wind production (GWh)

238

+58%
vs 2021

Green energy sold (TWh)

3.0

+25%
vs 2021

Female managers (%)

25.2

+1.8 p.p.
vs 2021

Sustainable debt (out of total)

55%

+24 p.p.
vs 2021

A2A Investor Relations Team

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