A2A
2019 Debt Investor Presentation

July 2019

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A2A - SHAPING THE FUTURE TODAY

Italy's largest and most diversified local utility

Full-service provider in the **largest metropolitan cities** of Northern Italy

Vertically-integrated player with a continuous interaction among all Business Units

Balanced volatility mix: regulated and quasi Regulated represent **67%** of 2018 EBITDA

Diversified stakeholder structure, with a growing presence of iinternational institutional investors

Solid credit rating history and since 2018 **ESG solicited rating (Standard Ethics)**

Strong track record in constantly delivering challenging financial targets, regardless of macro environment volatility

Solid liquidity profile, commitment in developing **new ESG financial instruments** *(1st ESG/KPI 400M€ line in 2018, member of Corporate Forum on Sustainable Finance)*

Sustainability Plan integrated into Strategic Plan

Industrial Model based on **Transformation**, **Excellence** and **Community**

Agenda

Business Description

Financial Review

Green Framework

Transaction Summary

Data Annex

A2A's value chain

Integration and continuous interaction among Business Units

A2A provides an integrated offer and a wide range of high quality and innovative services to its customers

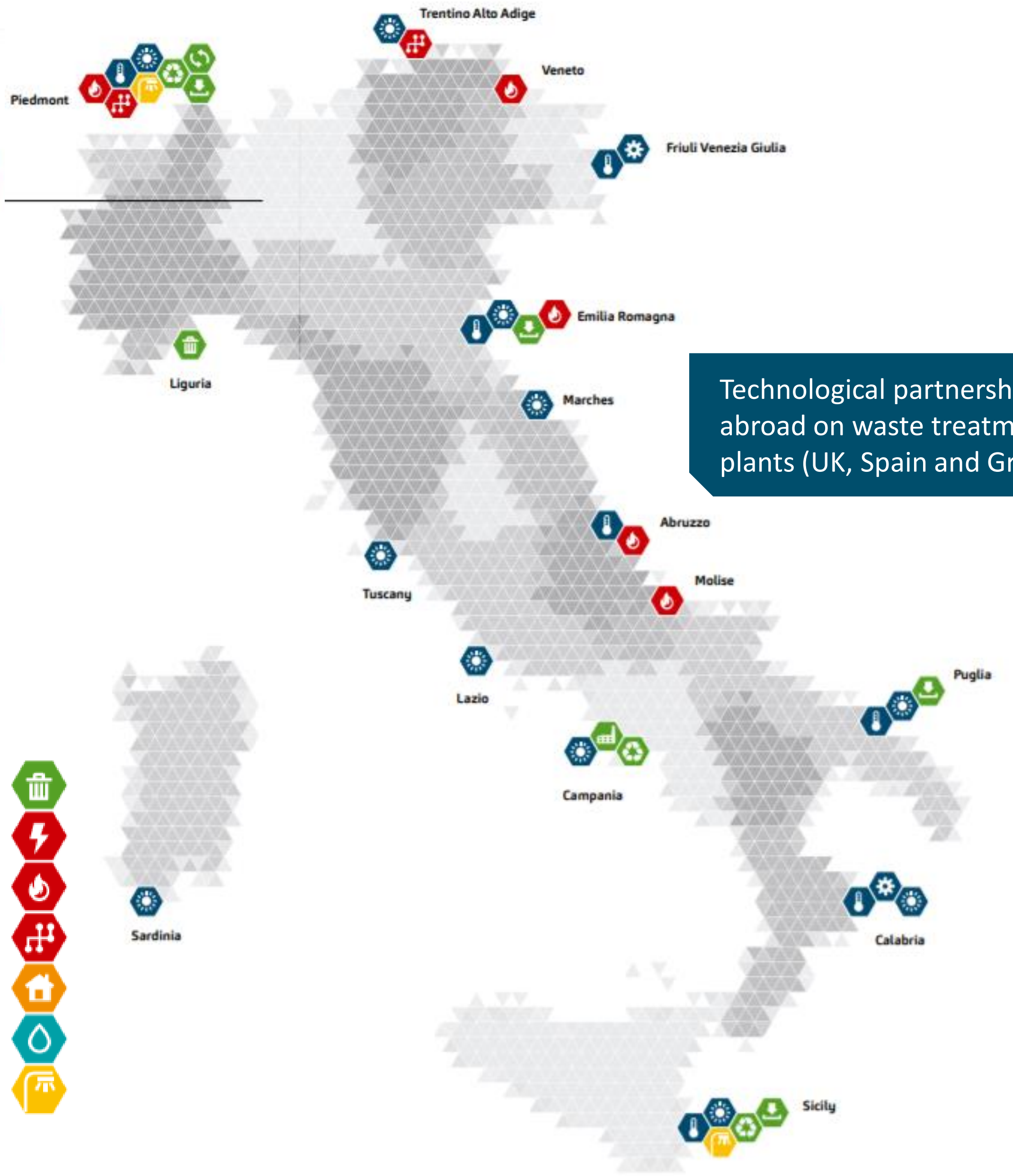
Geographical Presence in Italy

The Group operates throughout Italy, predominantly in Lombardy

A2A serves the largest metropolitan cities in the most industrailsed region of Northern Italy

PLANTS	
ENERGY	Thermoelectric
	Hydroelectric
	Photovoltaic
WASTE	Waste-to-energy
	Waste treatment
	Material recovery
	Landfill

SERVICES	
WASTE	Waste collection
DISTRIBUTION AND TRANSPORT	Electricity distribution
	Gas distribution
	Gas transport
DISTRICT HEATING	District heating
WATER	Integrated water service
LIGHTING	Public lighting



Technological partnerships abroad on waste treatment plants (UK, Spain and Greece)

Diversified and Well Balanced Business Mix

Business Description

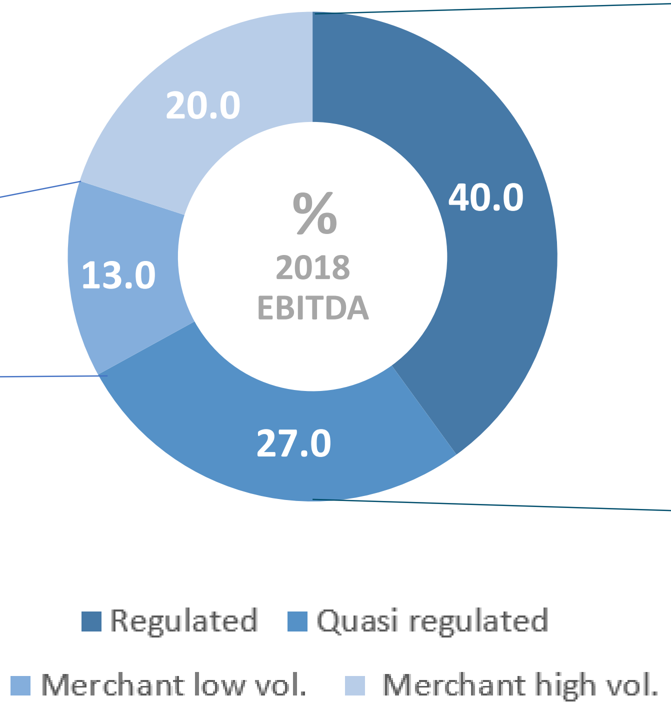
	VALUE FROM END TO BEGINNING	MORE SOLUTIONS TO INVOLVE CUSTOMERS	SMARTER AND MORE RELIABLE		FLEXIBLE AND GREENER ENERGY
	WASTE	MARKET (2)	NETWORKS: NETWORKS	NETWORKS: HEAT	GENERATION & TRADING
	1.7 mt collected waste 3.5 t treated waste(3) 1.5 million bio-drying/materials recovery #1 energy producer from WTE plants energy recovery: ~2 GWh/1.4 GWht	1.5 million gas customers 1.1 million electricity customers #3 for numbers of customers in Italy Leader for quality and customer satisfaction since 2013	Aqueduct : 4,010 km Gas : 11,193 km Electricity : 15,014 km 1.4 €bn RAB gas 0.6 €bn RAB ele 0.1 €bn RAB water	#1 in terms of heated volumes in Italy About 460k apartment equivalents supplied	Installed Capacity ~9 GW ~2 GW hydro, 0.1 FV 18 TWh electricity produced 1/3 hydro #2 electricity generation operator by installed capacity in Italy
2018 Ordinary EBITDA (1)	266 €M – 23%	180 €M – 15%	300 €M – 25%	81 €M – 7%	357 €M – 30%
	Collection and street sweeping	Electricity and gas sales • free market • regulated market	Electricity distribution	Cogeneration heat recovery and sales	Fuel sourcing
	Urban Waste Treatment Material Recovery Electricity and Heat production	Public Lighting	Gas distribution	Heat Distribution	Power generation (Thermoelectric and RES)
	Industrial Waste Treatment	New Energy Solutions (Energy Efficiency, E-mobility and Smart City)	Integrated Water Cycle		Whole-sale & Trading

(1) Ordinary EBITDA Equal to 1,160 €M – includes negative contribution of 24 €M - calculated as Reported EBITDA (1,231 €M) net of non recurring items (39 €M) and EBITDA from ACSM-AGAM 2H 2018 (32 €M),
(2) New perimeter of the old Energy Retail BU, including also Energy Efficiency, Public Lighting, Smart City and E-Mobility.
(3) Excluding waste treated in plants managed on behalf of third parties.

Business Mix - Balanced Volatility

Regulated and Quasi Regulated represents **67%** of 2018 EBITDA

Merchant low volatility main activities:
- Electricity and gas sales



Regulated main activities:
- Networks business
- Capacity payment
- Green certificates/Feed in tariff
- Photovoltaic incentives
- Contractualized assets with TSo

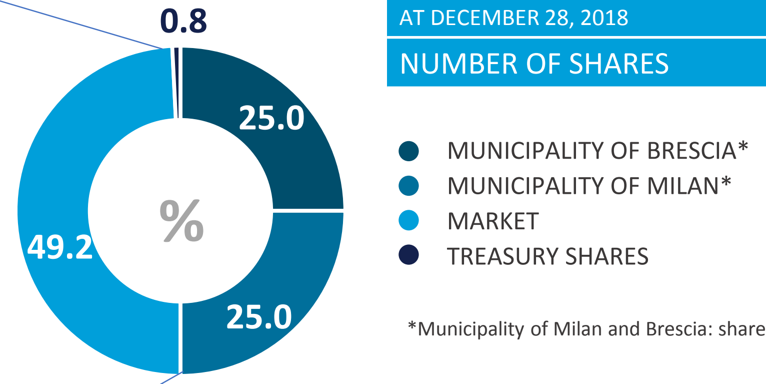
Quasi Regulated main activities:
- Waste
- Heat
- Public Lighting

Public Shareholding Structure

Institutional investors represent around 37.1% of the share capital

Geographic breakdown of the institutional investors:

- USA 25.2%
- UK 18.2%
- Italy 11.3%
- France 11.3%
- Luxembourg 10.2%
- Germany 6.6%



The figures reported in the graph above are rounded up to the nearest whole number.
Source: *A2A elaboration* based on the shareholders register.

A2A 2018 [Listed in Milan Stock Exchange]

MARKET CAPITALISATION AT DECEMBER 28, 2018	€ 4,950 m
NUMBER OF SHARES	3,132,905,277

*Municipality of Milan and Brescia: shareholding pact on 42%.

A2A stock is also traded on the following platforms:
Chi-X, BATS, Turquoise, Equiduct, Sigma-X, Aquis, BOAT OTC, LSE Europe OTC, BATS Chi-X OTC

Tickers:
Bloomberg – A2A:IM
Reuters – A2.MI

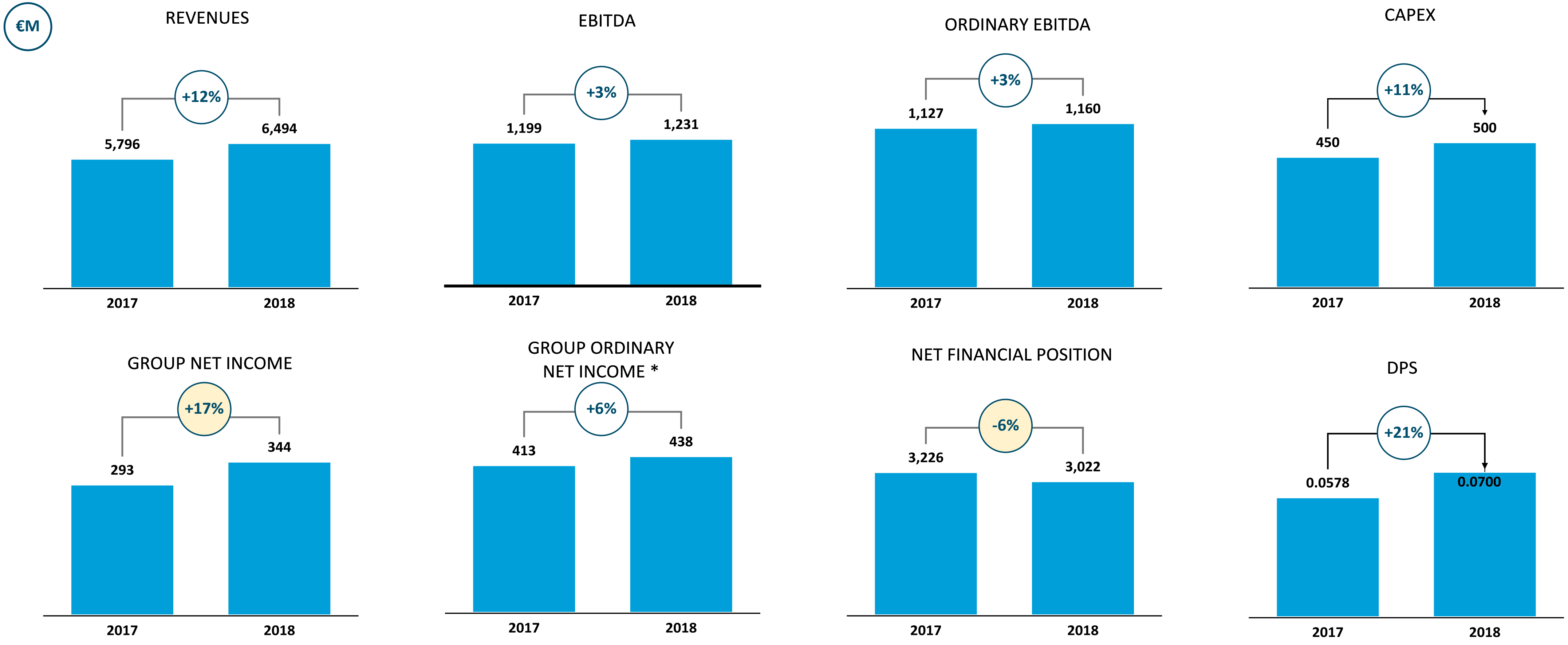
INDICES
FTSE MIB
STOXX Europe
EURO STOXX
MSCI Europe Small Cap
WisdomTree Utilities
S&P Global Mid Small Cap

ETHICAL INDICES
FTSE4Good Index
ECPI Indices
Ethibel Sustainability Index Excellence Europe
EURO STOXX Sustainability Index
Euronext Vigeo Index: Europe 120
Standard Ethics Italian Index

Also included in the Ethibel Excellence Investment Register and in the Ethibel Pioneer Investment Register.

Agenda

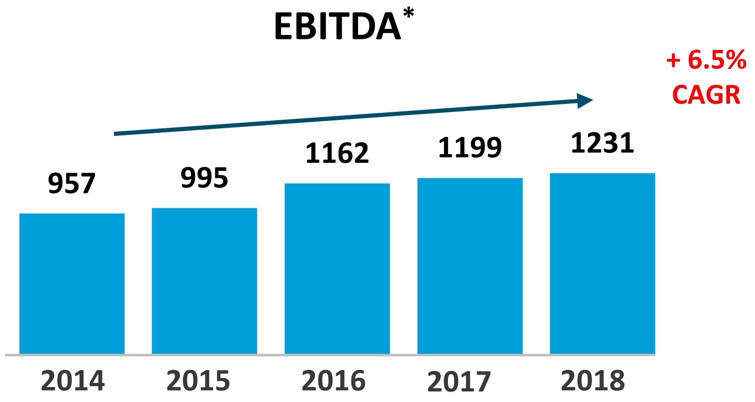
2018 Financial Highlights

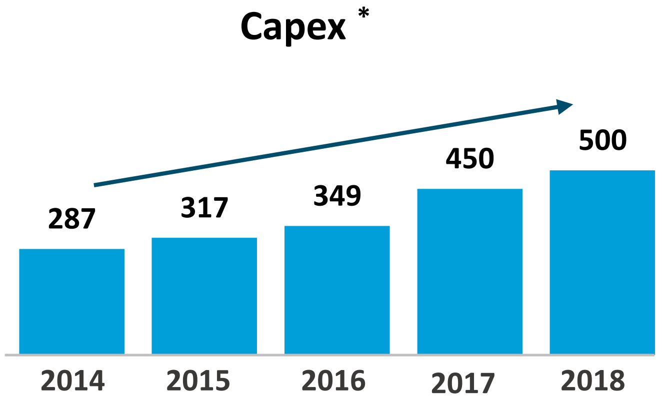


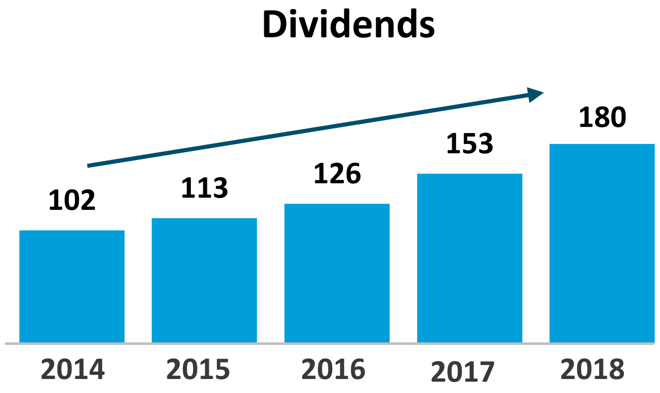
- **Net profit +17% to 344 €M => <u>best result since A2A set up</u>**
- EBITDA at 1,231 €M (up 3% vs 2017)
- Investments 500 €M (up 11%)
- Strong cash generation 204 €M
- **NFP/EBITDA decreased to 2.45x => <u>lowest since A2A set up</u>**
- About 67% of EBITDA from regulated and quasi-regulated activities

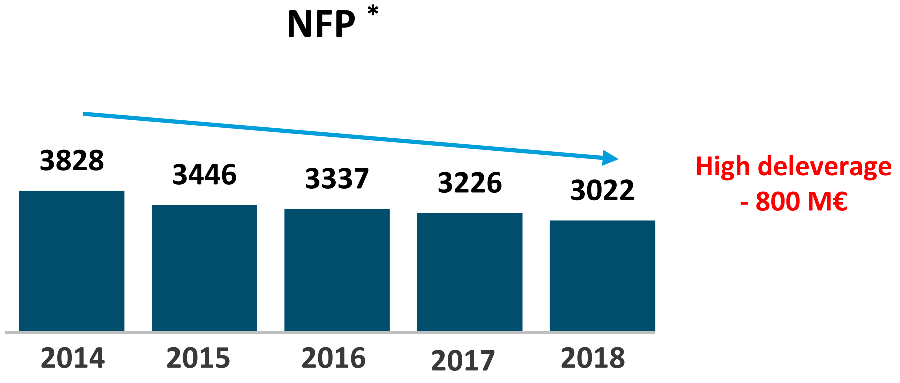
* Group Net Income excluding not recurring items

Strong track record 2014-2018









* Excluding EPCG
2014 and 2015 include LGH pro-forma

Financial Strategy

FINANCIAL STRATEGY

FLEXIBILITY
provide the Company with **the right instruments to take potential market** opportunities, in a prompt and efficient way

DIVERSIFICATION
optimize financial sources and assess/select at any time the most economical and/or best available

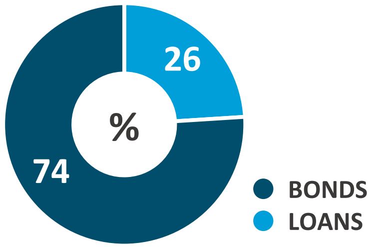
LIQUIDITY
maintain an adequate liquidity buffer in terms of cash and available committed lines **to cover planned cash outlays and absorb low-probability events**

RISK MANAGEMENT
manage in a proactive way the interest risk with the main purpose to **mitigate the effects of market volatility**

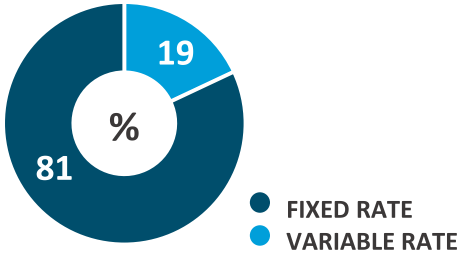
DEBT STRUCTURE AND MATURITY as at 31 December 2018

DEBT ITEMS million euro	ACCOUNTING BALANCE 31/12/2017	ACCOUNTING BALANCE 31/12/2018	PORTIONS MATURING WITHIN 12 MONTHS	PORTIONS MATURING BEYOND 12 MONTHS	PORTION MATURING IN				
					31 dic 2020	31 dic 2021	31 dic 2022	31 dic 2023	beyond
BONDS	2,995	2,738	558	2,180	2	353	501	302	1,022
BANK LOANS AND OTHER	943	940	136	804	151	101	91	88	373
TOTAL	**3,938**	**3,678**	**694**	**2,984**	**153**	**454**	**592**	**390**	**1,395**

DEBT BREAKDOWN BY SOURCE at 31/12/2018



DEBT BREAKDOWN BY INTEREST at 31/12/2018



STATISTICS RELATING TO DEBT AT 31/12/2017

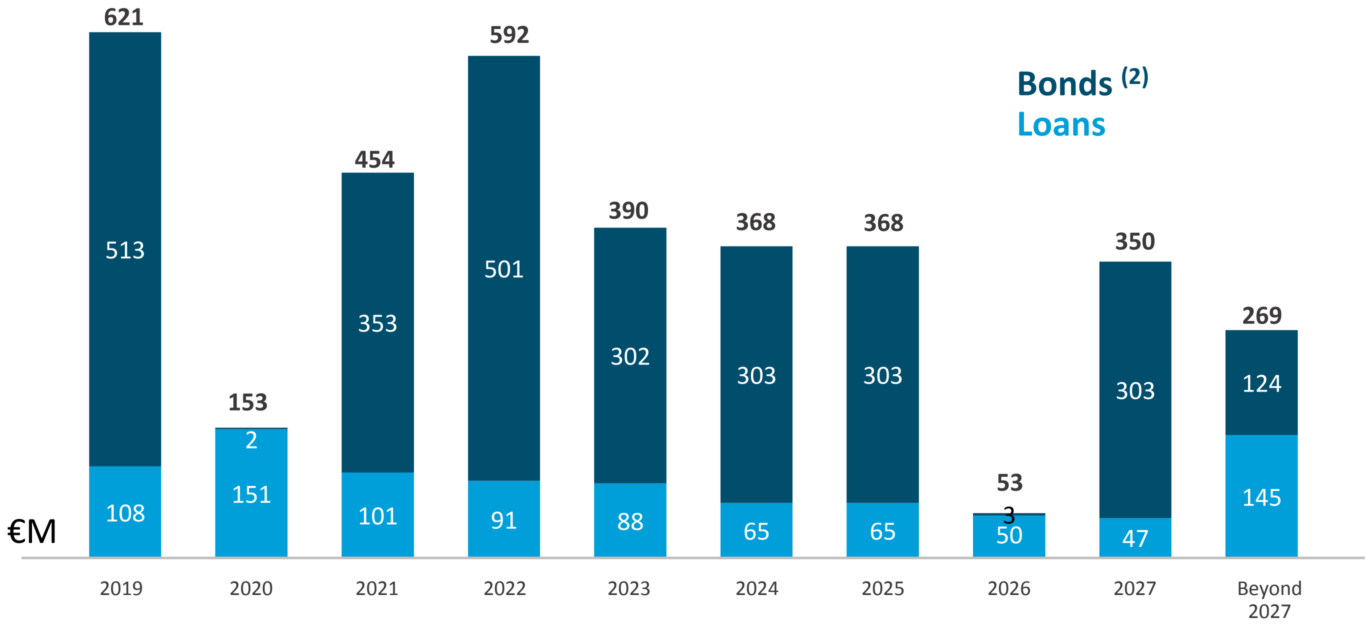
TOTAL GROSS DEBT	3.9 €Bn
AVERAGE COST OF DEBT	~ 3.1%
AVERAGE MATURITY	5.2 yrs
LIQUIDITY POSITION	1.4 €Bn
of which:	
CASH	0.7 €Bn
UNDRAWN COMMITTED LINES AND LOANS	0.7 €Bn

STATISTICS RELATING TO DEBT AT 31/12/2018*

TOTAL GROSS DEBT	3.7 €Bn
AVERAGE COST OF DEBT	~ 3.0%
AVERAGE MATURITY	4.7 yrs
LIQUIDITY POSITION	1.3 €Bn
of which:	
CASH	0.6 €Bn
UNDRAWN COMMITTED LINES AND LOANS	0.7 €Bn

*Does not include ACSM-AGAM

Debt maturities breakdown (1)



- Debut in green format: sustainability embedded in the Strategic Plan
- New issue to further improve liquidity profile and lengthen the debt maturity

EMTN	Issue volume (€M)	Outstanding amount (€M)	Annual coupon	Issue date	Maturity date	Issue price	Re-offer yield
Euro Bond 2019	750	510.7	4.500%	23/11/2012	28/11/2019	99.718	4.548%
Euro Bond 2021	500	351.5	4.375%	10/07/2013	10/01/2021	99.323	4.487%
Euro Bond 2022	500	500	3.625%	13/12/2013	13/01/2022	99.561	3.688%
PP 2023	300	300	4.000%	04/12/2013	04/12/2023	99.539	4.057%
PP 2024	300	300	1.250%	16/03/2017	16/03/2024	99.774	1.284%
Euro Bond 2025	300	300	1.750%	25/02/2015	25/02/2025	99.221	1.836%
Euro Bond 2027	300	300	1.625%	19/10/2017	19/10/2027	98.700	1.768%

(1) From 01/04/2019
(2) Including Bond Talesun, early redemption 30/06/2019

Rating overview

Moody's

Rating:
Baa2/Stable

The outlook on A2A's Baa2 rating is stable.

Moody's upgrades A2A S.p.A.'s ratings to Baa2 on April 2018.

A2A's rating reflects:

Expectation that the company will continue to prudently manage its exposure to macroeconomic and power price risks, such that credit metrics will be comfortably positioned within the ratio guidance for a Baa2 rating, with FFO/net debt comfortably in the low 20s in percentage terms and RCF/net debt comfortably in the high teens in percentage terms, on a sustained basis (respectively 31,2% and 25,4% in 2018).

S&P Global Ratings

Rating:
BBB/Stable/A-2

A2A's rating reflects:

Business Risk

Expectation that A2A will continue to strengthen its positions in regulated and more stable activities, while posting FFO/ debt well above 20% over 2019-2021, which compares with 26,2% at end of 2018.

Liquidity

Expectation that A2A will generate positive free cash flow after capex and dividends over the period 2019-2020, given A2A's attention to cost reduction, with €170 million of savings already achieved over 2015-2018 and a €250 million target in 2023, and despite dividends increasing by a compound annual growth rate of about 7% over 2019-2020.

ESG Rating

standard ethics

Rating:
EE

Standard Ethics upgrades A2A S.p.A.'s ratings from EE- to EE on March 2019.

A2A's rating upgrade reflects:

In the last two years the company has made considerable efforts to align its responsible approach to UN, UE and OECD Sustainability strategies. It has also decided to adopt a more "Sustainable" finance model thanks to a ESG Loan of 400 million Euro linked to an independent Sustainability Rating until its expiry.

In 2018, A2A modified its Code of Ethics adopting major references like the UN Universal Declaration on Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO's Fundamental Conventions. It also improved its model of responsibility towards the environment which makes it a fine example of best practice in Italy.

New strategic Guidelines

T

GENERATION

150+ MW OF NEW RES
(up to ~280 MW, 2.2 GW including hydro)

REACTIVE POWER FOR GRID VOLTAGE REGULATION
in Brindisi

MARKET

2.7 M CUSTOMERS
Mass market free market power & gas

1,660+ CHARGING STATIONS

WASTE

+ 400 kt WTEs (up to 3.0 Mt) extended capacity

9 NEW waste treatment **PLANTS**

NETWORKS

35 PRIMARY STATIONS, supporting Milan and Brescia electrification

1.4+ M SMART METERS installed

E

MULTI-BUSINESS VALUE

OPERATIONAL EXCELLENCE

DE-RISKING

DIGITAL & TECHNOLOGICAL INNOVATION

C

AGILE ORGANIZATION

LOCAL AGGREGATIONS

INNOVATION WITH EXTERNAL ECOSYSTEM

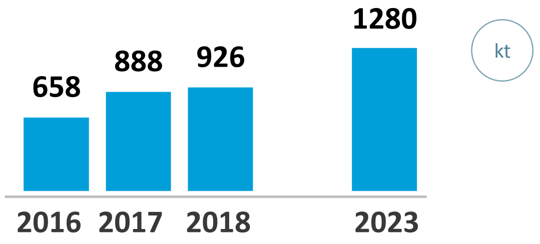
NEW WORKING SPACES

Sustainability
inspiring principle of enterprise development

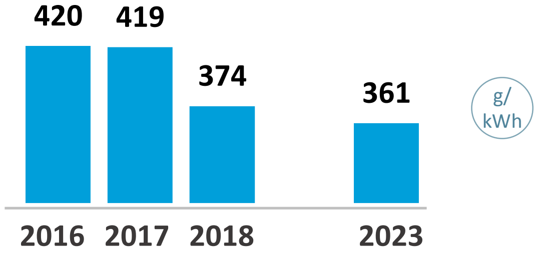
Envisaged figures reported in 2020-2023 Business Plan

A2A Sustainability embedded in the Strategic Plan

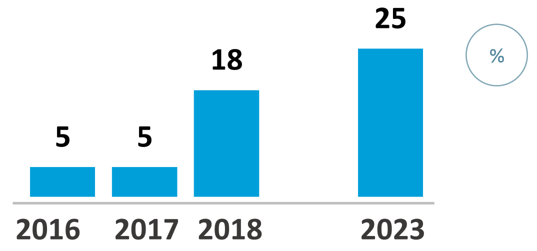
CIRCULAR ECONOMY			• % sorted collection • New recycling plants • Project on reduction/ reuse/recycle	• Water network losses • Treated waste water
DECARBONIZATION	• CO2 emissions reduction	• Energy efficiency projects • Green energy sold to Mass Market	• Low-impact vehicles	• DH users • Dispersed heat recovery and DH non-fossil sources
SMART GRID AND SERVICES		• Digital users • # LED lighting points • EV charging stations • Contact center quality	• Smart bins	• Smart meter • Service interruption • Smart grid
PEOPLE INNOVATION	• Environmental education	• Smart city projects • Banco dell'Energia	• Reduction of the accident rate	• Roadwork site inspections



RECOVERY MATERIAL CAPACITY



CO_2 /kWh CARBON INTENSITY



SMART WORKING

% on total employees applicable

Sustainability targets confirmed and further enhanced

All figures reported are rounded up to the nearest whole number.

Agenda

Business Description

Financial Review

Green Framework

Transaction Summary

Data Annex

Introduction to the Green Financing Framework

Overview

A2A believes that the issuance of Green Financing Instruments could contribute to fostering the transition to a low-carbon economy, giving financial backing to the projects (existing or new ones) enabling this transition.

The A2A Green Financing Framework is aligned with the four core components of the **Green Bond Principles** (GBP) 2018 and **Green Loan Principles** (GLP) 2018

Use of Proceeds	Project Evaluation & Selection	Management of Proceeds	Reporting
▪ Pollution Prevention and Control ▪ Sustainable Water and Wastewater Management ▪ Renewable Energy ▪ Energy Efficiency ▪ Clean Transportation ▪ Transmission & Distribution Networks	Establish a cross-departmental Green Financing Committee (GFC) aimed at identifying and selecting Eligible Green Projects	Net proceeds will be allocated in the general account and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Green Projects as selected by GFC	On an annual basis, at least until full allocation or in case of material changes

A2A has obtained a Second Party Opinion from independent verifier Vigeo-Eiris.

Use of Proceeds (1/2)

	Green Sector	Eligible Green Projects	Environmental Benefits	UN SDG
Circular Economy	Pollution Prevention and Control	Projects aimed at the construction, development, operation and maintenance of facilities, systems or equipment used to reduce GHG emissions and waste disposal. **<u>Green Eligible Projects include:</u>** ▪ Plastic selection plants ▪ Waste collection services for municipalities ▪ New waste to energy plant (urban waste) (R1≥0.65)* ▪ Plants to recover organic fraction (OFMSW)	Climate change mitigation	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 15 LIFE ON LAND
	Sustainable Water and Wastewater Management	Projects aimed at the construction, development, operation and maintenance of facilities, systems or equipment used for sustainable infrastructure for clean and/or drinking water, wastewater treatment and sustainable urban drainage systems. **<u>Green Eligible Projects include:</u>** ▪ Wastewater treatment and purification plants, networks and appliances; ▪ Reduction of water losses projects (automatic systems to find leakages, new pipelines, water smart meters)	Pollution prevention and control	
Decarbonization	Renewable Energy	Projects aimed at increasing the Group production of renewable energy, through acquisitions, construction or maintenance projects. **<u>Green Eligible Projects include:</u>** ▪ PV / Wind grid parity green-field ▪ Small hydro power plants (< 25MW of installed capacity) ▪ Photovoltaic onshore plants ▪ Wind onshore farm ▪ Conventional plant reconversion ▪ New plants of biomethane production (through biogas recovery)	Climate change mitigation	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION

*Source: Waste Framework Directive 2008/98/EC

Green Framework

Use of Proceeds (2/2)

	Green Sector	Eligible Green Projects	Environmental Benefits	UN SDG
Decarbonization	Energy Efficiency	Projects aimed at systems or products that reduce energy consumption or mitigate greenhouse gas emissions. **<u>Green Eligible Projects include:</u>** ▪ Storage systems development ▪ Waste to energy efficiency revamping/upgrade (energy production and district heating) (R1≥ 0.60) ▪ Services to improve energy efficiency of public lighting from traditional lighting to LEDs technology	Climate change mitigation	7 AFFORDABLE AND CLEAN ENERGY
Decarbonization	Clean Transportation	Projects aimed at construction, development, operation, acquisition and maintenance of infrastructure for sustainable mobility and cleaner vehicles with a lower environmental impact, for communities and for the Group's fleet. **<u>Green Eligible Projects include:</u>** ▪ Low environmental impact waste- collection vehicles (Euro 6; full methane gas; full electric powered) ▪ Low impact cars (full methane gas; full electric powered) used for operations in the DSO activities ▪ Electric car charging hub ▪ Biomethane filling station for vehicles	Climate change mitigation	13 CLIMATE ACTION
Smart Networks & Services	Transmission and Distribution Networks	Projects aimed at connecting renewable sources, enhancing distributed energy, improving smart grids (efficiency and reliability), decreasing electricity losses and gas leakages of the existing networks. **<u>Green Eligible Projects include:</u>** ▪ Investments in smart grid ▪ New district heating development ▪ Smart meters installation **(electricity and gas)** ▪ Investments with the aim to reduce gas leakages of the existing networks (replacement of parts of gas networks, new system to predict gas losses) ▪ New primary electric stations to improve the resilience of grid ▪ Investment aimed at reducing electricity losses in the networks (replacement of network joints on the electricity grid)	Climate change mitigation & Natural Resource Conservation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES

Process for Project Evaluation & Selection and Management of Proceeds

Process for Project Evaluation

Since 2015, A2A has put in place, as part of the Board of Directors, a dedicated Sustainability and Territory Committee.

A2A has created a cross-departmental **Green Financing Committee (GFC).** Members from:

- Finance
- Corporate Social Responsibility
- Strategy
- Planning & Control
- Innovation
- & Subsidiaries/Business Units involved, relating to specific project.

The GFC's role:

1. Review, select, validate and monitor the pool of Eligible Green Projects
2. Identify the proper impact metric that best describes the environmental benefits
3. Draft, verify and validate annual reporting for investors
4. Monitoring the on-going evolution related to the Sustainable Capital Markets
5. Review the Framework

Management of Proceeds

The net proceeds from A2A's Green Financing Instruments will be allocated in the general account - pending the allocation A2A will invest the balance of the net proceeds, at its own discretion - and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Green Projects as selected by the GFC.

The process will be in accordance with A2A's Green Financing Framework.

Net proceeds will refinance Eligible Green projects disbursed, delivered or acquired up to 36 months before the issuance of a Green Financing instrument.

A2A's Treasury will allocate the financing instrument proceeds to the corporate entities in charge of the projects via intercompany loans or equity capital, with the purpose to finance the disbursements in connection with the Eligible Green Projects carried out by A2A's subsidiaries.

Reporting

On an annual basis, at least until full allocation or in case of material changes, A2A will provide the following reporting on its Green Financing instruments(s):

1. **Allocation reporting:** detailing the financing instrument proceeds allocation by category of Eligible Green Projects; the proportion of net proceeds used for financing versus refinancing; if feasible, the co-financing share; and, the balance of any unallocated proceeds.

2. **Impact/Performance reporting:** A2A will report, where feasible, on a number of impact metrics by category of Eligible Green Projects for projects funded with the net proceeds of the Green Financing instrument.

The Allocation report and the annual Non-Financial Disclosure Report will be available on the company's website.

Examples relevant metrics could include*

Pollution Prevention and Control

- Waste treatment capacity (municipal + special waste) aimed at recovering material (kt/year)
- Waste-to-energy treatment capacity (kt/year)
- CO2 avoided thanks to WTE energy production (tons)
- Increase of recycling capacity (tons)

Sustainable Water and Wastewater Management

- Reduction in linear water losses (m3/km/days)
- Water saving (m3)
- Reduction hexavalent chromium concentration (µg/L)

Renewable Energy

- Co2 emission avoided (tCO2eq)
- Energy production from RES (MWh/year)

Energy Efficiency

- Energy saving thanks to LED light points installation (MWh/year)
- Improvement in energy efficiency (ton/kWh)

Clean Transportation

- CO2 emissions per Km
- Number of electric vehicle charging stations installed

Transmission and Distribution Networks

- Total energy savings (MWh)
- Number of Smart Grid projects

*A wider list of examples is available in the Green Financing Framework dated June 11, 2019

Second Party Opinion

Vigeo Eiris is of the opinion that the Framework considered by A2A is **overall aligned** with the four core components of the Green Bond Principles voluntary guidelines (June 2018) and of the Green Loan Principles voluntary guidelines (December 2018) and expressed a **reasonable assurance**.

- *The Eligible Projects :*
  - ✓ ***properly formalised in the Framework***
  - ✓ ***clearly defined***
  - ✓ ***relevant**, consistent with the Principles*
- *The governance and the process (selection and evaluation) :*
  - ✓ ***well described** in the Framework and in internal documentation*
  - ✓ ***clear defined***
  - ✓ ***reasonably structured and transparent.***
- *The rules for the management of proceeds :*
  - ✓ ***clear and will be verified***
  - ✓ *able to obtain a **transparent and documented allocation process.***
- *The reporting processes and the selected indicators*
  - ✓ ***good***
  - ✓ *able to **well represent outcomes and impacts**.*

SECOND PARTY OPINION[1]
ON THE SUSTAINABILITY OF A2A'S GREEN FINANCING FRAMEWORK
June 12th, 2019

SCOPE

Vigeo Eiris was commissioned to provide an independent opinion (hereafter "Second Party Opinion" or "SPO") on the sustainability credentials and management of the Green Financing Framework (or the "Framework") prepared by A2A and dated June 11th, 2019, to govern the potential Green Financing Instruments to be issued under this Framework.

Our opinion is established according to Vigeo Eiris' Environmental, Social and Governance ("ESG") exclusive assessment methodology, to the International Capital Market Association's Green Bond Principles ("GBP") (edited in June 2018) and to the Green Loan Principles (GLP) of the Loan Market Association (edited in December 2018).

Our opinion is built on the review of the following components:

1) **Issuer**: we assessed A2A's Environmental, Social and Governance (ESG) performance, its management of potential ESG controversies and its involvement in controversial activities.[2]
2) **Issuances**: we assessed the Framework, including the analysis of the coherence between the Framework and the Issuer's strategy and commitments, the Framework's alignment with the four core components of the GBP, and its potential contribution to sustainability.

Our sources of information are multichannel, combining information gathered from our exclusive ESG rating database, public sources, press content providers and stakeholders, and information provided by A2A through documents and interviews with managers involved in the preparation of the framework. We carried out our due diligence assessment from April 29th to June 12th, 2019.

We consider that we were provided access to all the documentation we requested and to interview all solicited people. We consider that the information provided enables us to establish our opinion with a reasonable[3] level of assurance on its completeness, precision and reliability.

VIGEO EIRIS' OPINION

Vigeo Eiris is of the opinion that the Framework considered by A2A is overall aligned with the four core components of the Green Bond Principles voluntary guidelines (June 2018) and of the Green Loan Principles voluntary guidelines (December 2018).

We express a reasonable assurance (our highest level of assurance) on the Issuer's commitments and on the Framework's contribution to sustainable development.

The Framework is considered likely to contribute to six United Nations' Sustainable Development Goals, namely Goal 6 Clean water and sanitation; Goal 7 Affordable and clean energy; Goal 9 Industry, innovation and infrastructure; Goal 11 Sustainable cities and communities; Goal 12 Responsible production and consumption; and Goal 13 Climate action.

1. **Issuer (see Part I):**

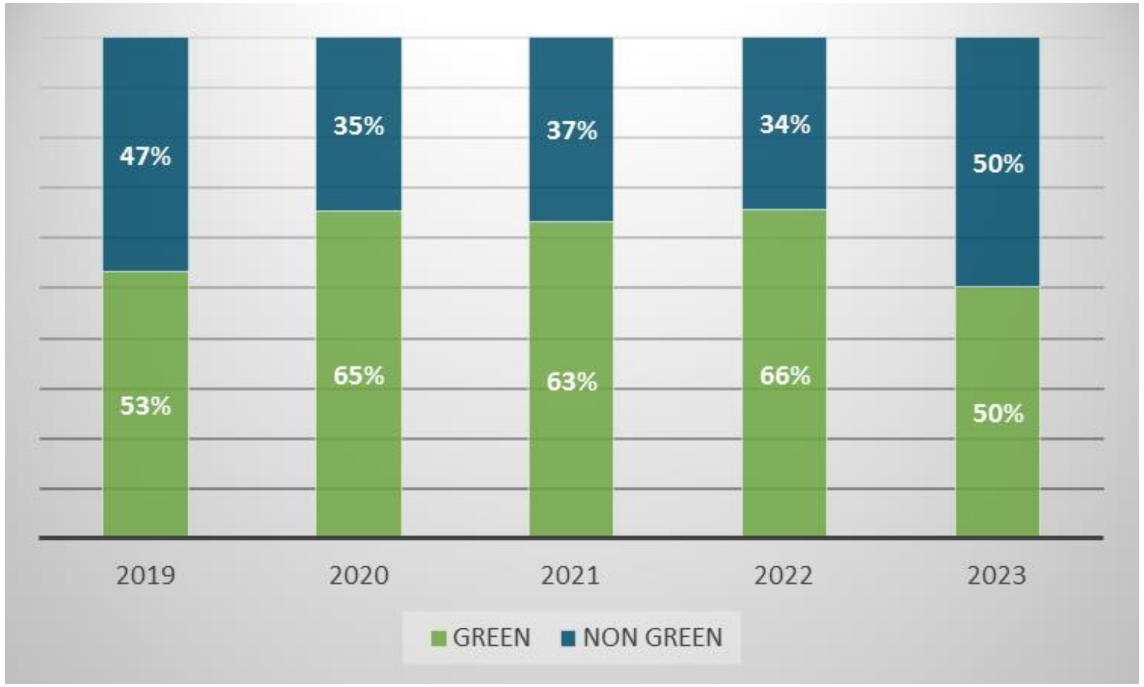
- As of October 2018 - date of Vigeo Eiris' last rating cycle - A2A displays an advanced performance on the three ESG pillars: Environmental, Social and Governance.
- As of today, A2A faces two isolated controversies, related to "Anti-competitive practices" and "Corruption". The severity is considered significant, based on the analysis of their impact on both the company and its stakeholders, and the company is considered overall reactive.

[1] This opinion is to be considered as the "Second Party Opinion" described by the Green Bond Principles (see https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/).
[2] The 15 controversial activities analysed by Vigeo Eiris are: Alcohol, Animal welfare, Chemicals of concern, Civilian firearms, Fossil Fuels industry, Coal, Tar sands and oil shale, Gambling, Genetic engineering, High interest rate lending, Military, Nuclear power, Pornography, Reproductive medicine, and Tobacco.
[3] Definition of Vigeo Eiris' scales of assessment (as detailed in the Methodology section of this document):
Level of Performance evaluation: Advanced, Good, Limited, Weak.
Level of Assurance: Reasonable, Moderate, Weak.

Green Framework

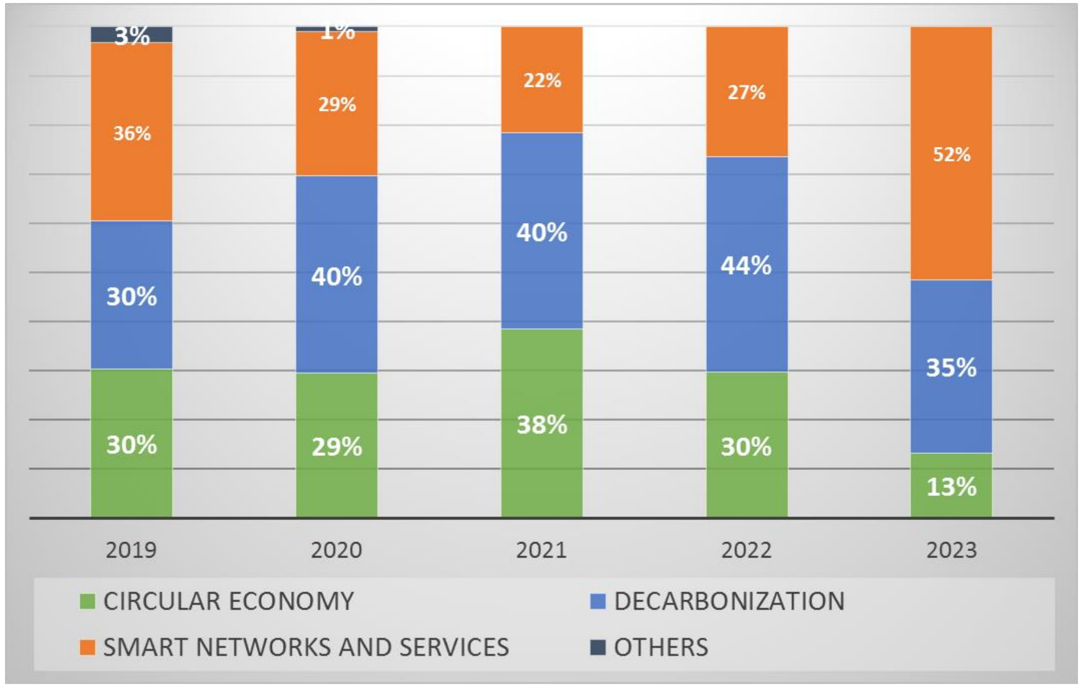
Going Forward as a Green Player

Breakdown of envisaged investments between GREEN and NON GREEN



Every year at least 50% of envisaged investments are GREEN

Breakdown of envisaged GREEN investments according to the pillars of the Green Financing Framework



Agenda

Business Description

Financial Review

Green Framework

Transaction Summary

Data Annex

Transaction Summary

	New Issue Indicative Termsheet
Issuer	A2A SpA (Ticker: AEMSPA, Country : Italy)
Issuer Rating (M/S)	Baa2 Stable / BBB Stable
Format	Senior Unsecured Notes, Reg S, Bearer
Maturity	Expected 10yr
Size (EUR)	Expected 400m
Coupon	Fixed, Annual
Listing	Luxembourg Stock Exchange
Joint Bookrunners	BBVA, BNPP, Mediobanca, UniCredit
Use of proceeds	Financing of Eligible Green Projects

Use of Proceeds Potential allocation

CIRCULAR ECONOMY

€M

	Eligible Green Projects	2017	2018	2019	2020	TOT
Pollution Prevention and Control	Recovery Plants - Plastic	*2.72*	*7.53*	*1.96*	-	**12.21**
	Plants to recover organic fraction	*0.62*	*0.58*	*9.73*	*50.24*	**61.17**
	New Waste to Energy Plants	-	-	*51.39*	*52.32*	**103.71**
						177.09

	Eligible Green Projects	2017	2018	2019	2020	TOT
Sustainable Water and Wastewater Management	Smart meters - water	*0.11*	*3.43*	*5.14*	*7.58*	**16.26**
	Wastewater treatment plant	-	-	*11.91*	*9.36*	**21.27**
						37.53

DECARBONIZATION

	Eligible Green Projects	2017	2018	2019	2020	TOT
Renewable Energy	PV Plants Acquisitions	*45.17*	*67.11*	*40,49*	-	**152.77**

	Eligible Green Projects	2017	2018	2019	2020	TOT
Energy Efficiency	WTEs Repowering and Energy Efficiency	*23.67*	*23.17*	*5.00*	*5.00*	**56.84**

	Eligible Green Projects	2017	2018	2019	2020	TOT
Clean Transportation	Low impact vehicle - waste collection	*4.50*	*9.58*	*14,78*	*14,08*	**42,94**

> 400

Potential allocation

Data Annexes

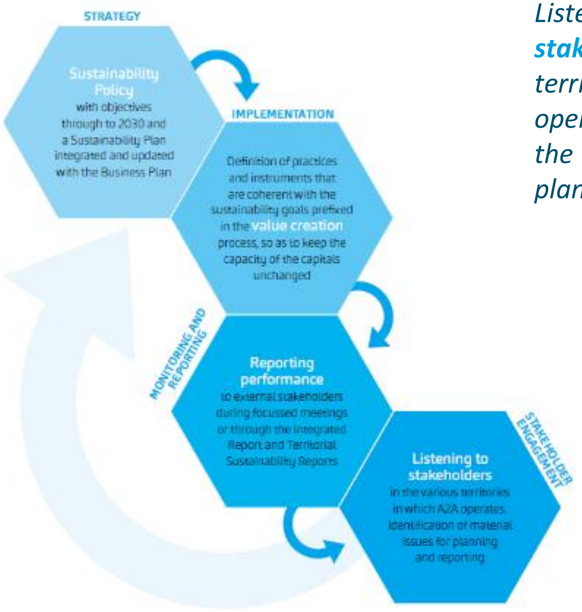
Web

http://www.a2a.eu

https://www.a2a.eu/en/investors

https://www.a2a.eu/en/sustainability

A2A strong Commitment to Sustainability (1/2)



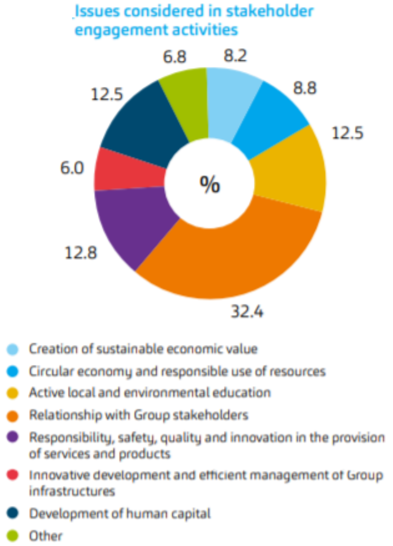
Listening to the ***needs of stakeholders*** *in the various territories in which A2A operates.* ***Identification*** *of the* ***material aspects*** *for planning and reporting*

- **Stakeholder Engagement:**

more than 460 initiatives involving **external and internal stakeholders**. The forumAscolto programme, the **multistakeholder feedback initiative** launched by A2A in 2015 aimed at understanding the needs of the communities where it operates, continued in 2018

- **Materiality Evaluation:**

A2A Group **materiality matrix** was **updated**



Definition of a Sustainability Policy *with objectives* ***through to 2030*** *and a Sustainability Plan integrated with the Business Plan. The Policy is based on* ***4 pillars****, crucial to* ***A2A's business*** *and consistent with the* ***international approach given by the UN 2030 Agenda***

Governance and Tools

- **Sustainability Policy**
- **Territory and Sustainability Committee**: the Committee has the task to assist with information, advice and proposals the Board of Directors, the Chairman and CEO of the Group in defining guidelines, orientations and initiatives
- **Code of Ethics**
- **Organisation, Management and Control Model** (according to 231/01 Law)
- **Policy for Quality, Environment and Safety and Systems for their Management**
- **Sustainability Issues for Risk Management:** Climate Change impacts
- **Green Financing Committee**

SECTION 1

A2A strong Commitment to Sustainability (2/2)

SECTION 1

Reporting to external stakeholders
during focussed meetings or through the Integrated Report and Territorial Sustainability Reports

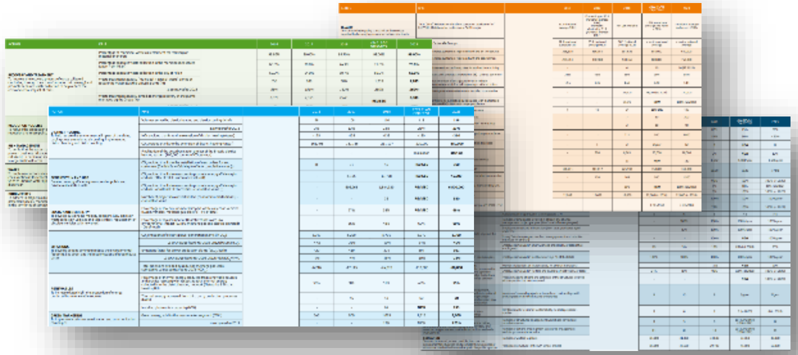
INTEGRATED REPORT

A2A 2018 Integrated Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and, for some indicators, it complies with GRI-G4 Electric Utilities Sector Supplement.
The Report considers six forms of capital (Human, Financial, Relational, Intellectual, Manufacturing and Natural), in accordance with the **International Integrated Reporting Council (IIRC) framework**.

The Integrated Report 2018 is available on A2A website

Moreover, in 2015, **A2A began, first in Italy, publishing sustainability reports** with reference to the **specific territories** in **which it operates**, undertaking a path toward the community and extending its stakeholder engagement model. **During 2018 six Territorial Sustainability Reports were published** (Milan, Brescia, Bergamo, Valtellina and Valchiavenna, moreover, Piedmont and Friuli Venezia Giulia Regions).

Implementation of practices *and adoption of instruments that are consistent with the* ***sustainability goals prefixed*** *in the value creation process*



SUSTAINABILITY NETWORKS

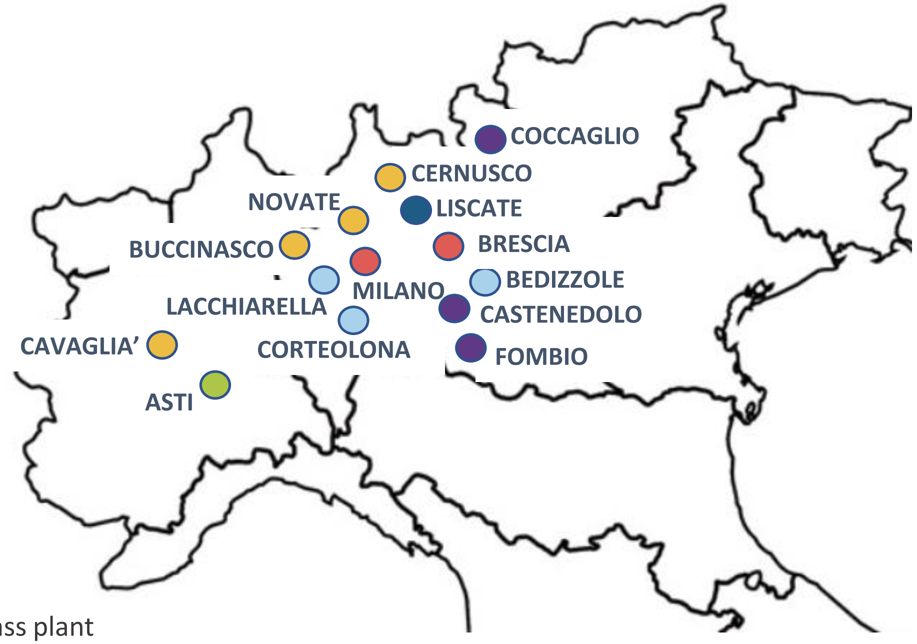
A2A has an **active participation** in national and international associations and networks on matters of sustainable development.

WINNER IN 2018

OP UTILITY AWARD ABSOLUTE WINNER CATEGORY

A2A Waste Treatment and Energy Recovery Plants [Pollution and Prevention Control & Energy Efficiency]

A2A processes more than 1 million tons/y of glass, paper, plastic, organic waste. All waste treatment plants are located in the Northern Italy

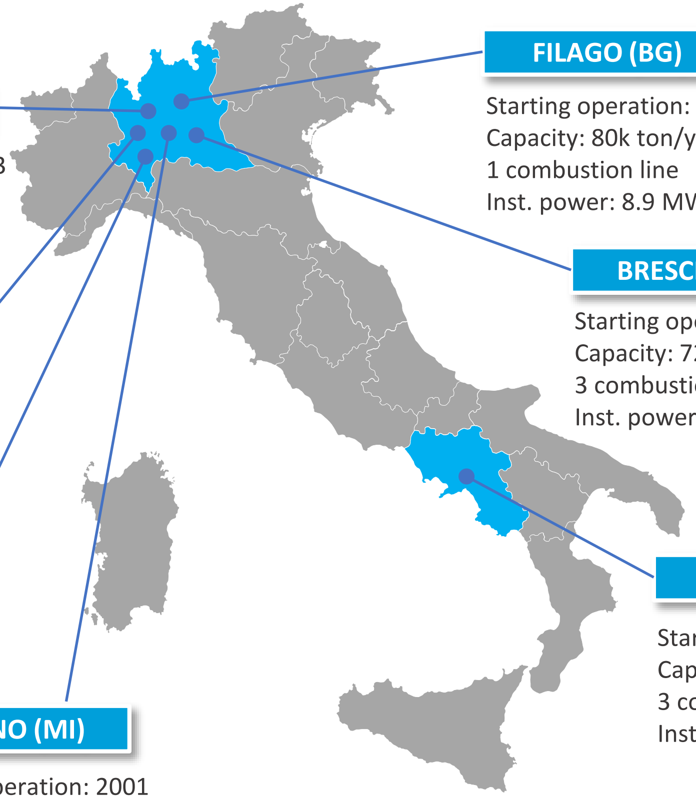


- glass plant
- organic/green plant
- paper plant
- mixed plant
- waste washing plant
- paper/plastic plant

21 Material treatment and recovery plants
Total treatment capacity: 1.2 million t/y

8 WtE plants, of which 3 high efficiency cogeneration units serving district heating areas in Bergamo, Brescia and Milan

Thermal capacity: 559 MWt
Electricity capacity: 395 MW



BERGAMO (BG)
Starting operation: 2003
Capacity: 61k ton/y
1 combustion line
Inst. power: 10.6 MWe

PARONA (PV)
Capacity: 380k ton/y
2 combustion lines
Electr. power: 35 MWe

CORTEOLONA (PV)
Starting operation: 2004
Capacity: 60k ton/y
1 combustion line
Inst. power: 8.7 MWe

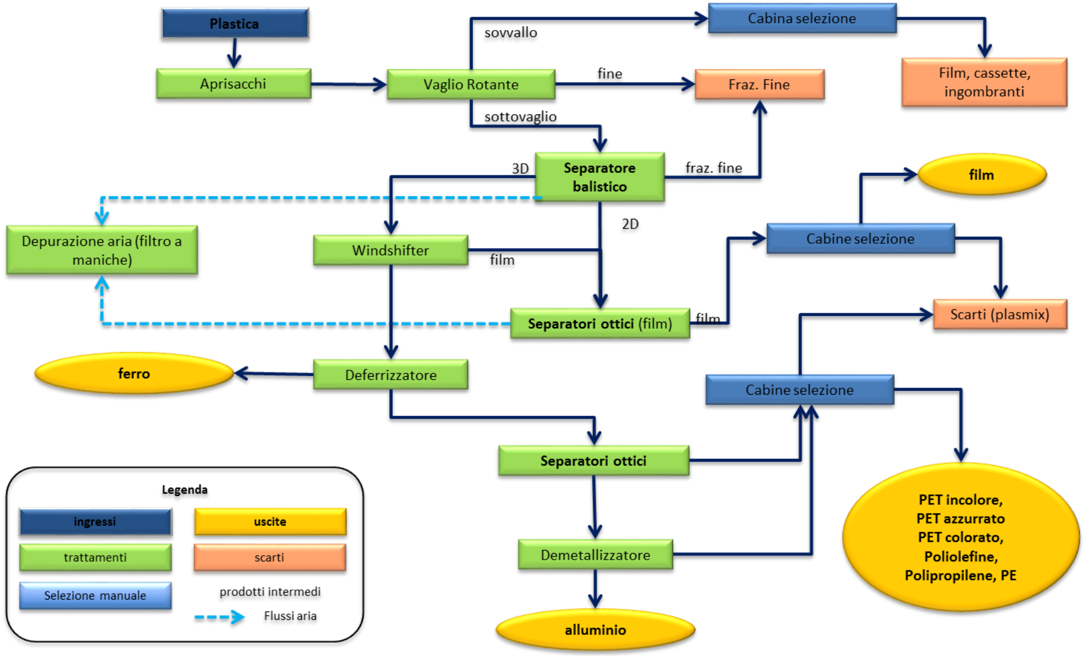
MILANO (MI)
Starting operation: 2001
Capacity: 540k ton/y
3 combustion lines
Inst. power: 212.6 MWe

FILAGO (BG)
Starting operation: 2002
Capacity: 80k ton/y
1 combustion line
Inst. power: 8.9 MWe

BRESCIA (BS)
Starting operation: 1998
Capacity: 728k ton/y
3 combustion lines
Inst. power: 85 MWe

ACERRA (NA)
Starting operation: 2009
Capacity: 671k ton/y
3 combustion lines
Inst. power: 107.5 MWe

Focus on Cavaglià Plastic Recovery Plant [sample of project – Pollution and Prevention Control]



New Innovative Plastic Plant

- In operation since **November 2018**
- Production capacity of **45,000 tons** per year
- **8 high-tech optical scanners sorting plastic waste** into different streams by material (e.g.: PE, PET, PP, film, etc.), shape and color in an automated way.
- Recoverable plastic materials are transferred - through CO.RE.PLA - to plants that will transform plastics into second raw material.
- The plant also select **ferrous and non-ferrous** metals, which are sent for reuse.
- Equipped with a **300 kW photovoltaic generation assets** that allow to produce 350 MWh/year, equal to 15% of the energy needs of the plant.
- The waste that cannot be recovered in terms of materials is finally sent to the waste-to-energy plants for their **energy recovery.**

Focus on Waste Collection Fleet [sample of project - Clean Transportation]

Waste collection vehicles: **1.666** in 2018 composed of **~ 70% engines EURO 5 or more.**

Fuel mix in the last 2 years:

- ✓ Methane vehicles has increased from 13% to 16.8%
- ✓ Euro 0-1-2-3 category has decrease from 25% to 15.8%

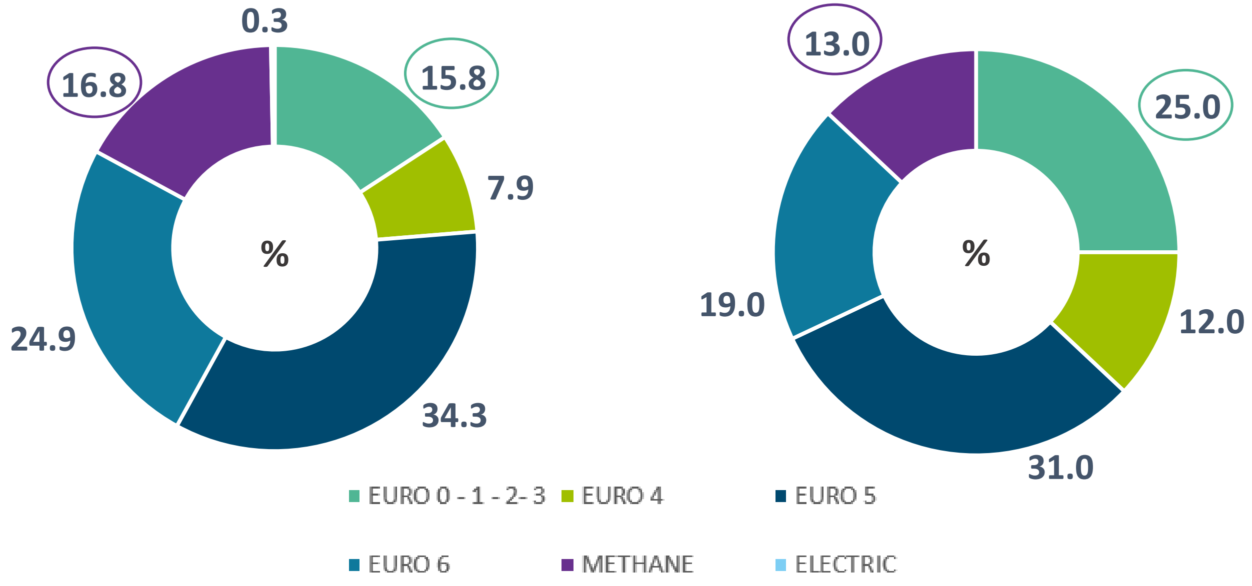
mainly thanks to the **renewal of the vehicle fleet**

In 2018, quantities of fuel amounted to approximately 622 TJ, **down by 6% vs 2017** → **greater consumption of cleaner fuels and greener vehicles.**

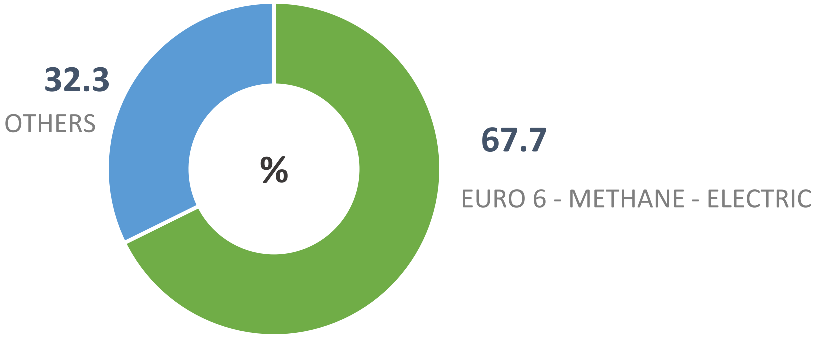
A2A aims at developing sustainable mobility solutions replacing obsolete vehicles with new ones and increasing the number of low-emission waste collection vehicles

MIX OF VEHICLES BY FUEL

Fleet al 31 December, 2018 | Fleet al 31 December, 2017



WASTE COLLECTION VEHICLE FLEET 2023

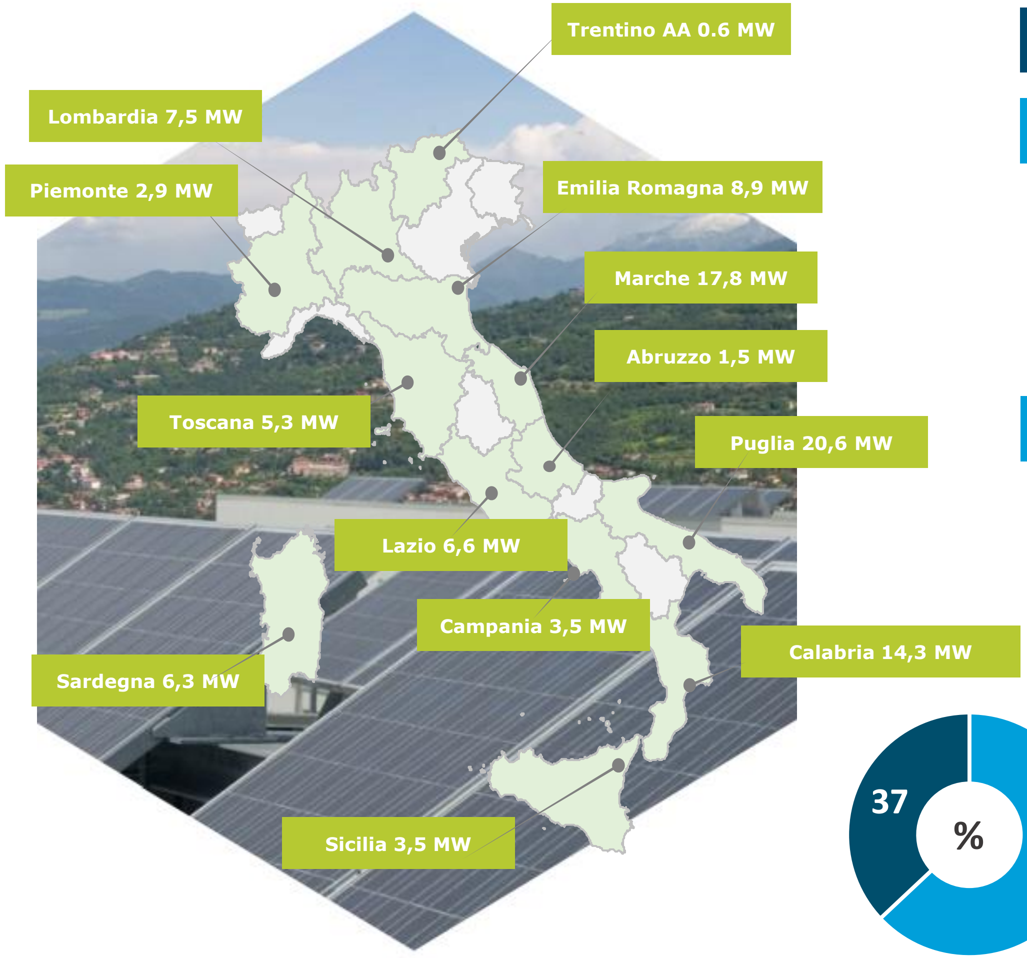


SECTION 1

SECTION 1

Focus on Acquisition Strategy on PV plants [sample of project - Renewable Energy]

Since 2017 A2A has entered the Photovoltaic business in line with the strategic plan and the international objectives for the fight against climate change. Since then A2A has been continuously developing the business also through acquisitions.



Acquisitions over last 2 years

REENERGY

- September 2017
- 17 MW
- 18 plants
- 5 SPV
- EBITDA 5,4 €M

NOVAPOWER

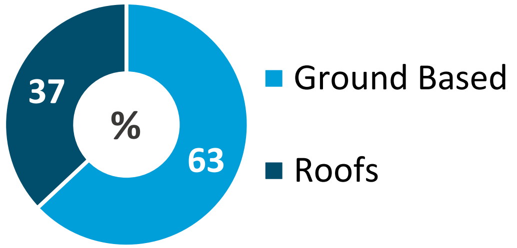
- October 2017
- 17,8 MW
- 16 plants
- 8 SPV
- EBITDA 7,2 €M

IMPAX

- February 2018
- 15,7 MW
- 5 plants
- 5 SPV
- EBITDA 6,4 €M

TALESUN

- December 2018
- 43,2 MW
- 39 plants
- 9 SPV
- EBITDA 9 €M



Portfolio of 79 PV plants - Year of operation 2011-2012

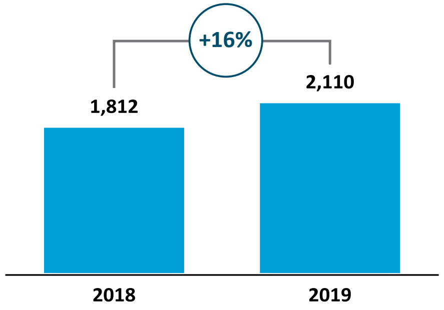
Total installed power 94 MW
Estimated annual production of approximately 65 GWh

Invested capital ~ 150 million euro

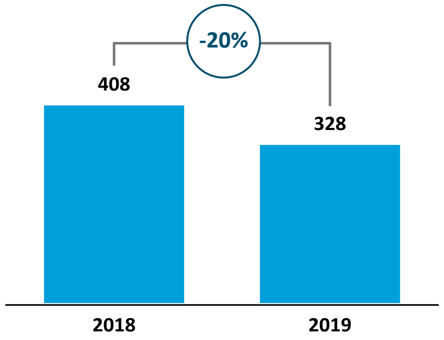
A2A and Fondazione Fiera Milano: partnership to build one of Europe's largest rooftop PV plant (10MW)

1Q 2019 Consolidated Results

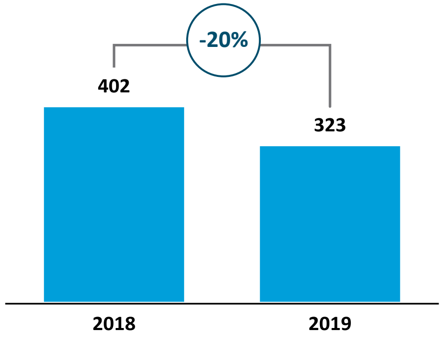
REVENUES



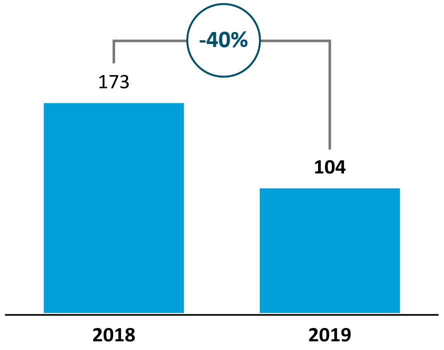
EBITDA



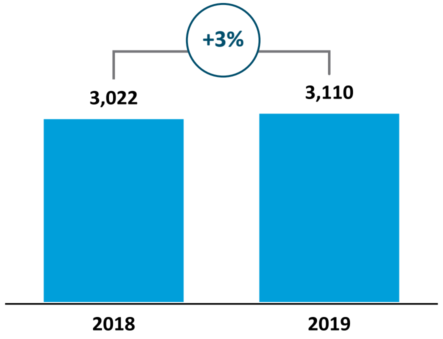
ORDINARY EBITDA



GROUP NET INCOME



NET FINANCIAL POSITION



- EBITDA of 328 €M, down on 1Q 2018 due to expiration of green certificates portfolio (about 60 €M) and unusual weather conditions
- Cash generation of 24 €M, after higher capex: on a like-for-like basis, the NFP fell to 2,998 €M.
- Due to IFRS 16 (+110 €M) NFP to 3,110 €M

A2A consolidates the accounts of ACSM-AGAM group on a line-by-line basis, starting from July 1, 2018.
The ACSM-AGAM group is the multi-utility company of Northern Italy resulting from the combination of the Como, Monza, Lecco, Sondrio and Varese public utility companies.

Consolidated Income Statement

Income statement figures *millions of euro*	01 01 2018 12 31 2018	01 01 2017 12 31 2017 Restated (*)
Revenues	**6,494**	**5,796**
Operating expenses	(4,598)	(3,962)
Labour costs	(665)	(635)
Gross operating income - EBITDA	**1,231**	**1,199**
Depreciation, amortization, provisions and write-downs	(643)	(489)
Net operating income - EBIT	**588**	**710**
Result from non-recurring transactions	14	-
Financial balance	(112)	(134)
Result before taxes	**490**	**576**
Income taxes	(157)	(192)
Net result from discontinued operations	21	(85)
Minorities	(10)	(6)
Group result of the year	**344**	**293**
Gross operating income/Revenues	**19.0%**	**20.7%**

(*) The values at December 31, 2017 include the economic effects deriving from the reclassification for IFRS 5 purposes of EPCG Group items.

Consolidated Balance Sheet

Assets

millions of euro	Note	12 31 2018	12 31 2017
NON-CURRENT ASSETS			
Tangible assets	1	4,620	4,606
Intangible assets	2	2,302	1,863
Shareholdings carried according to equity method	3	16	63
Other non-current financial assets	3	29	44
Deferred tax assets	4	264	301
Other non-current assets	5	20	8
Total non-current assets		**7,251**	**6,885**
CURRENT ASSETS			
Inventories	6	187	147
Trade receivables	7	1,781	1,671
Other current assets	8	313	216
Current financial assets	9	16	8
Current tax assets	10	49	107
Cash and cash equivalents	11	624	691
Total current assets		**2,970**	**2,840**
NON-CURRENT ASSETS HELD FOR SALE	12	**112**	**224**
TOTAL ASSETS		**10,333**	**9,949**

Equity and liabilities

millions of euro	Note	12 31 2018	12 31 2017
EQUITY			
Share capital	13	1,629	1,629
(Treasury shares)	14	(54)	(54)
Reserves	15	1,216	1,010
Result of the year	16	344	293
Equity pertaining to the Group		**3,135**	**2,878**
Minority interests	17	388	135
Total equity		**3,523**	**3,013**
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	18	2,984	3,501
Employee benefits	19	314	319
Provisions for risks, charges and liabilities for landfills	20	642	625
Other non-current liabilities	21	148	148
Total non-current liabilities		**4,088**	**4,593**
Current liabilities			
Trade payables	22	1,413	1,381
Other current liabilities	22	581	521
Current financial liabilities	23	694	437
Tax liabilities	24	34	4
Total current liabilities		**2,722**	**2,343**
Total liabilities		**6,810**	**6,936**
LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		-	-
TOTAL EQUITY AND LIABILITIES		**10,333**	**9,949**

Consolidated Net Financial Position

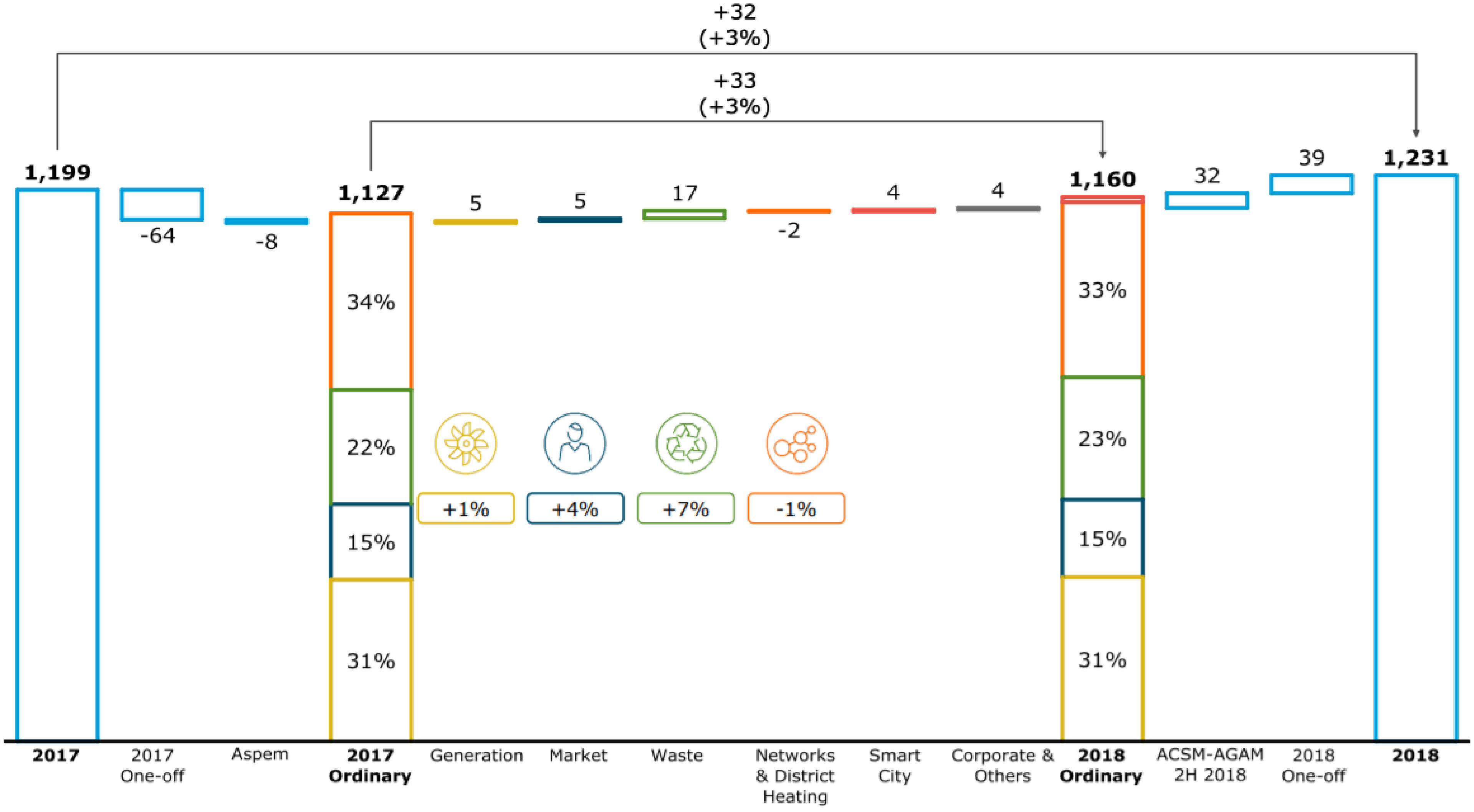
millions of euro	01 01 2018 12 31 2018	01 01 2017 12 31 2017
NET FINANCIAL POSITION AT THE BEGINNING OF THE YEAR	**(3,226)**	**(3,136)**
First-time consolidation contribution	**(142)**	**(87)**
Effect of change in EPCG consolidation method	**-**	**(206)**
Net result (**)	348	297
Amortization, depreciation	463	410
Write-downs/disposals of tangible and intangible assets	167	43
Affiliates	(4)	(5)
Write-downs of assets held for sale	-	86
Net interest for the year	116	139
Net interest paid	(114)	(115)
Net taxes paid	(102)	(192)
Changes in assets and liabilities (*)	149	203
Cash flow from operating activities	**1,023**	**866**
Investments in tangible and intangible assets	(500)	(454)
Investments in shareholdings and securities	(25)	(23)
Disposals of fixed assets and shareholdings	13	-
Dividends received from shareholdings	2	2
Net cash flows from investment activities	**(510)**	**(475)**
Free cash flow	**513**	**391**
Dividends paid by the parent company	(180)	(153)
Dividends paid by the subsidiaries	(5)	(2)
Other non-monetary changes	3	(24)
Cash flow from dividend distribution and other changes	**(182)**	**(179)**
Changes in financial assets/liabilities with counter-entry to equity	15	(9)
NET FINANCIAL POSITION AT THE END OF THE YEAR	**(3,022)**	**(3,226)**

(*) Excluding balances with counter-entry to equity.

(**) The net result is stated excluding gains on the disposal of shareholdings.

Analysis of results FY2018 - Group EBITDA Overview

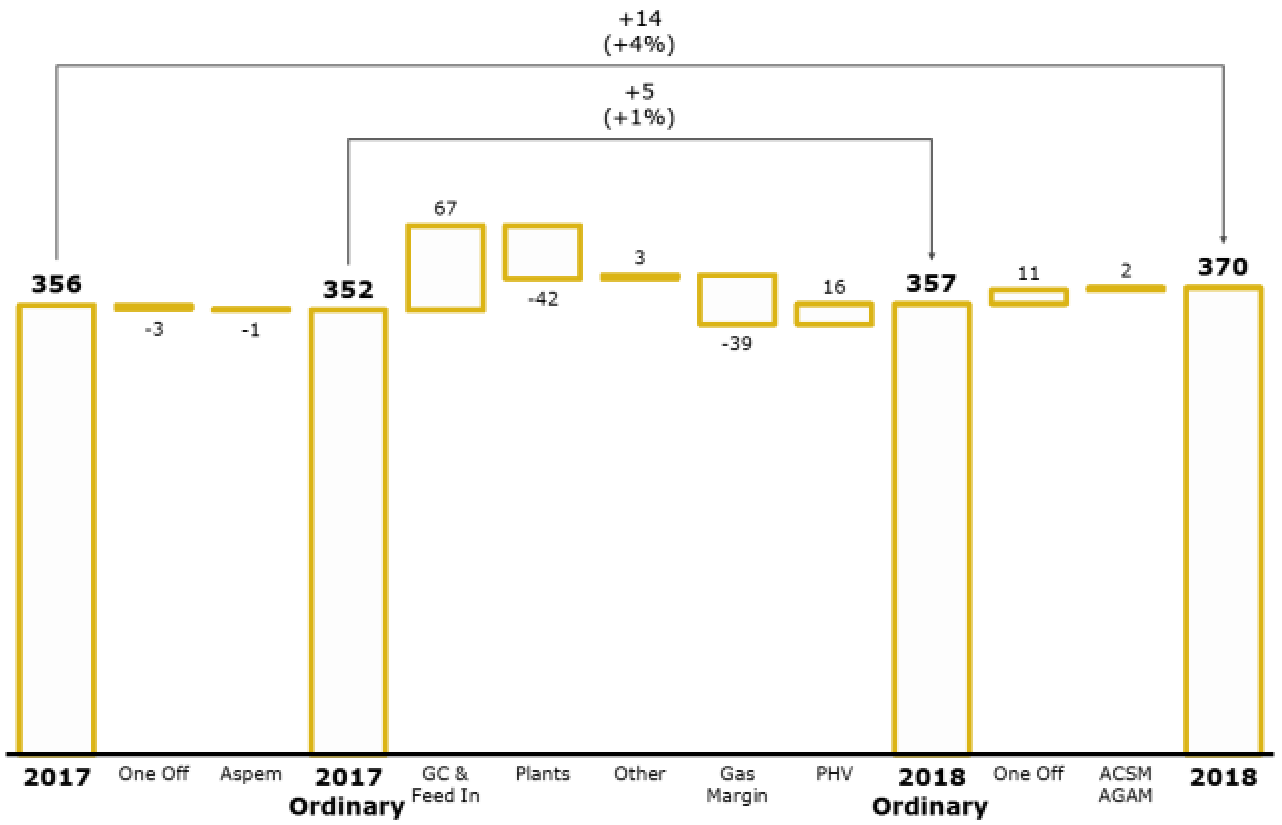
€M

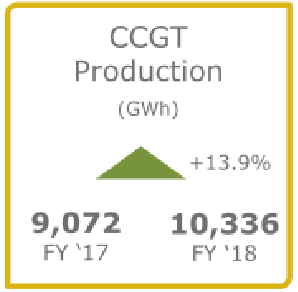


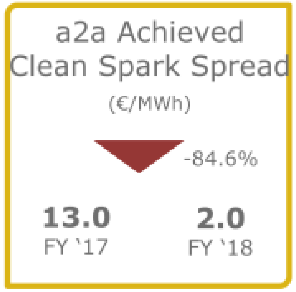
Analysis of Results FY2018 - Generation

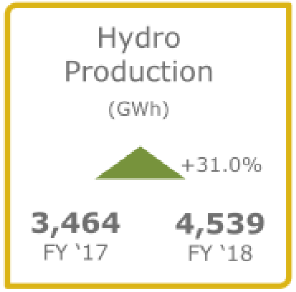
€M

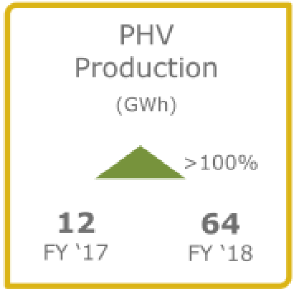
- Substantial increase in gas price, affecting:
    - Gas Portfolio
    - Clean Spark spreads
- Hydro Production +31%
- Significant but lower MSD, mostly in Q4
- Increasing contribution from PHV









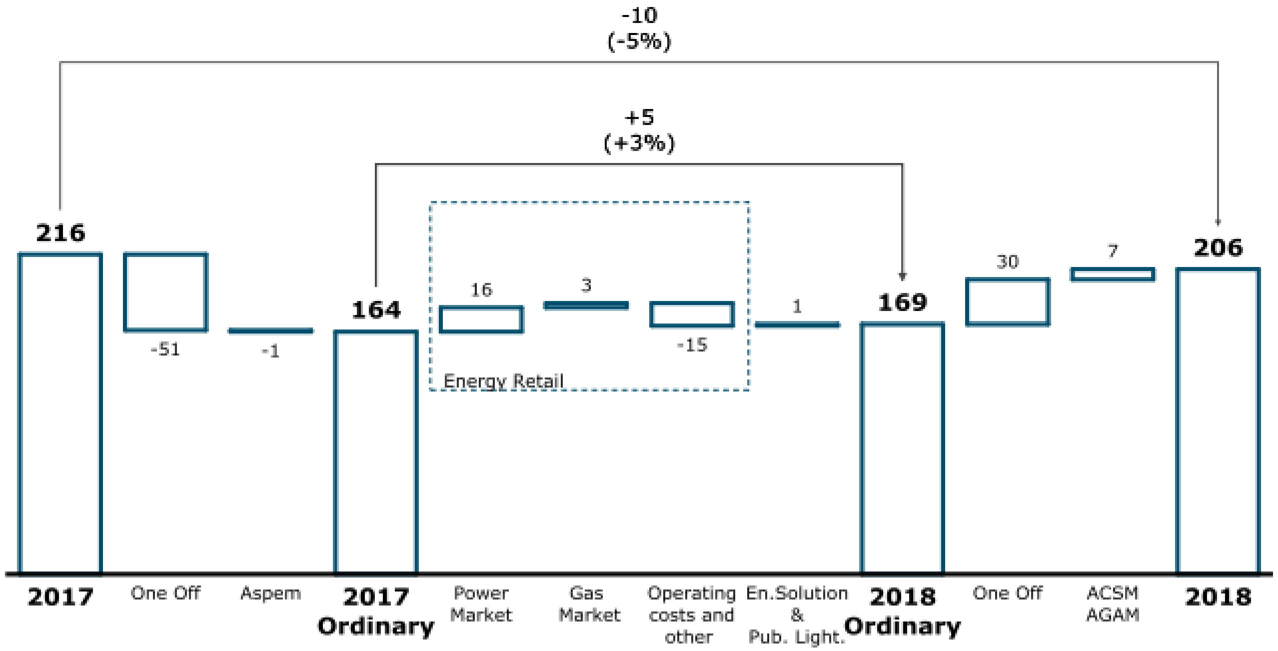


KPIs include ACSM-AGAM contribution

Analysis of Results FY2018 - Market

€M

- Higher free market customer base
- Weak winter season (higher temperature)
- Higher free market B2B volumes
- Strong advertising, marketing and sales expenses

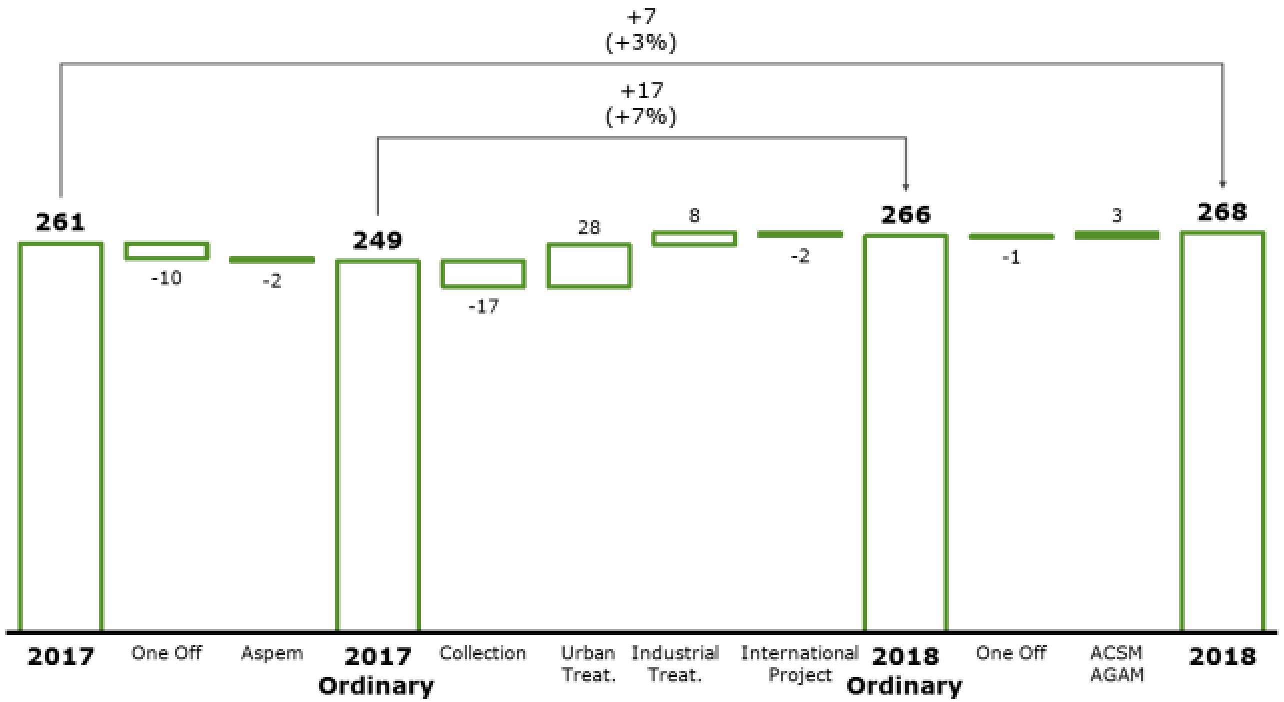


Free Mkt Customer ('000 EOP)	Electricity Sales (GWh)	Gas Sales (Mmc)	Lighting Points (#000)
+36.9%	+30.6%	+18.2%	+21.0%
878 FY '17 / 1,202 FY '18	8,289 FY '17 / 10,826 FY '18	1,629 FY '17 / 1,925 FY '18	214 FY '17 / 259 FY '18

KPIs include ACSM-AGAM contribution

Analysis of Results FY2018 - Waste

€M



- Collection: lower paper prices and higher disposal costs
- Increasing treatment prices
- Higher volumes (and prices) in the industrial segment

Waste Collection (Kton)

+4.1%

FY '17	FY '18
1,605	1,671

Waste Treatment (Kton)

+5.6%

FY '17	FY '18
3,360	3,547

Equivalent EE Sales (GWh)

+2.3%

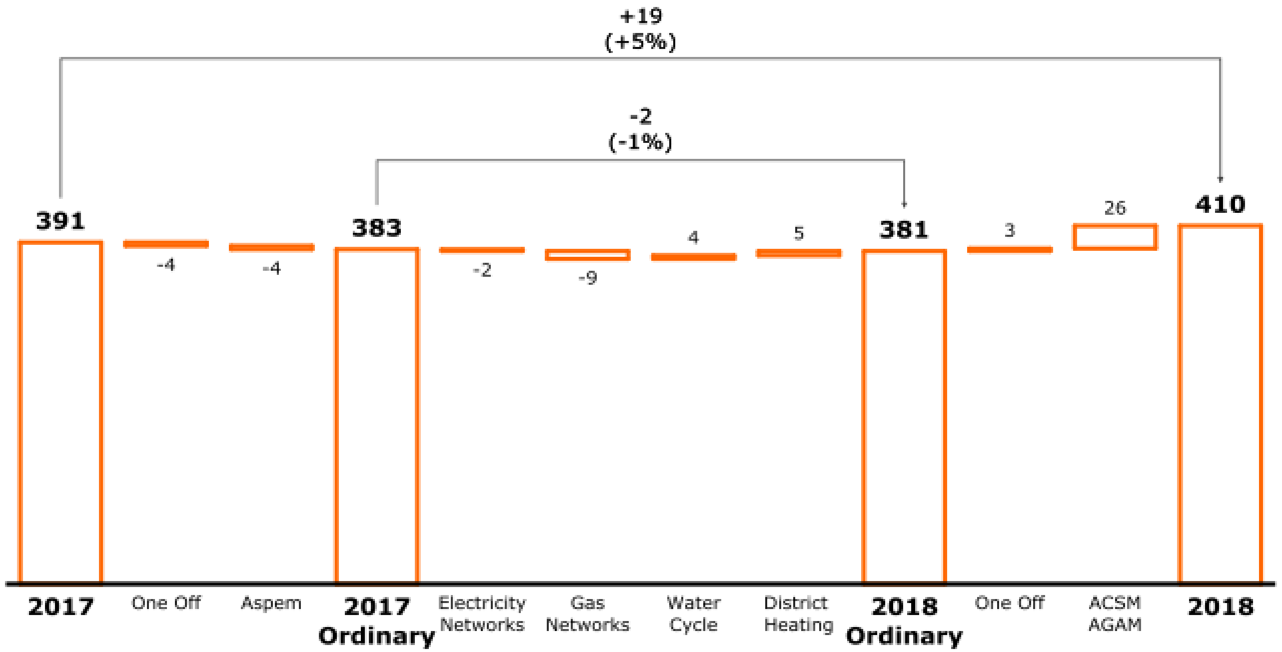
FY '17	FY '18
2,010	2,056

KPIs include ACSM-AGAM contribution

Analysis of Results FY2018 – Network and DH

€M

- GAS networks: above average quality premium in 2017
- District Heating: higher volumes and prices, partially offset by negative scenario (CO2)
- Weak winter season (higher temperature)
- IWC: Higher tariffs



RAB* EE (M€)		
649 FY '17	-0.5%	646 FY '18

RAB* GAS (M€)		
1,171 FY '17	+19.1%	1,395 FY '18

Heat Volumes (GWht)		
2,682 FY '17	+3.2%	2,768 FY '18

Distributed Water (Mmc)		
69 FY '17	+4.3%	72 FY '18

* Provisional data, underlying the estimate of allowed revenues of the period
KPIs include ACSM-AGAM contribution

SECTION 2