



A2A Life Company FY 2023 results

Milan, 12th March 2024

FY 2023 Results: Key highlights



- Hydraulicity effects combined with hedging optimization
- Enlarged energy customer base and improved retail margins
- Electricity and Gas RAB growth
- Continuous strict NWC management and financial ratios improvement

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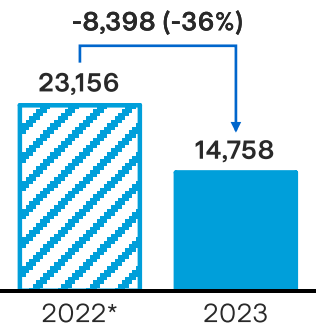


- CCGT production
- Normalization of ancillary services market

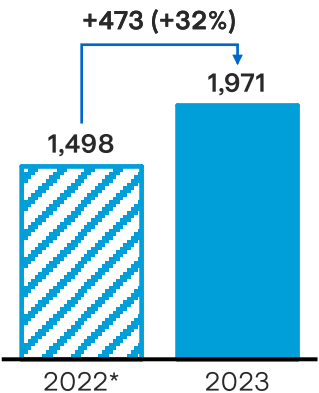
FY 2023 Results: solid growth in financial indicators

Key Financial Indicators (€M)

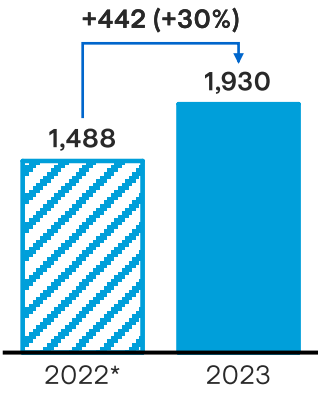
Revenues



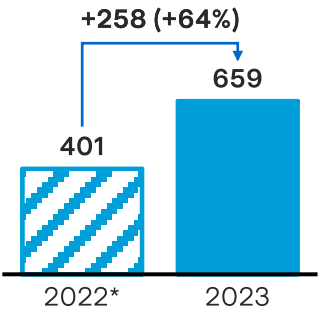
EBITDA



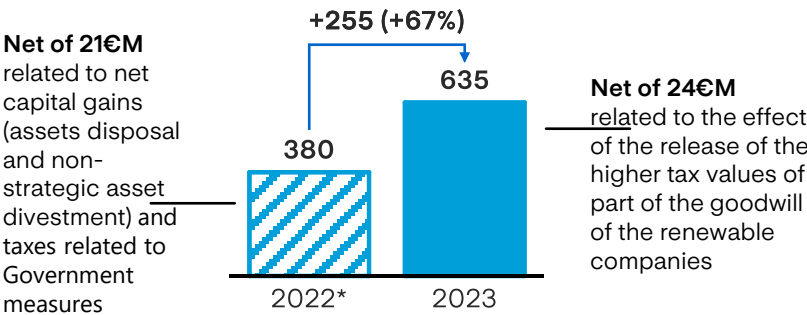
Ordinary EBITDA



Group Net Income

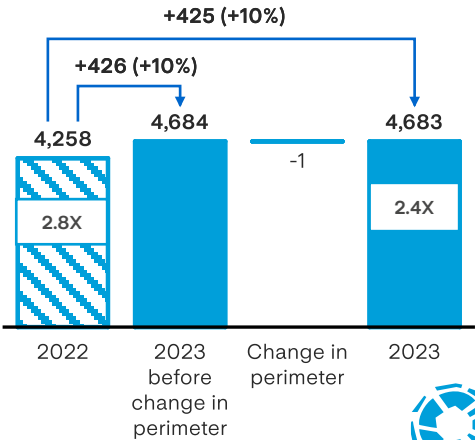


Ordinary Group Net Income



Net Financial Position

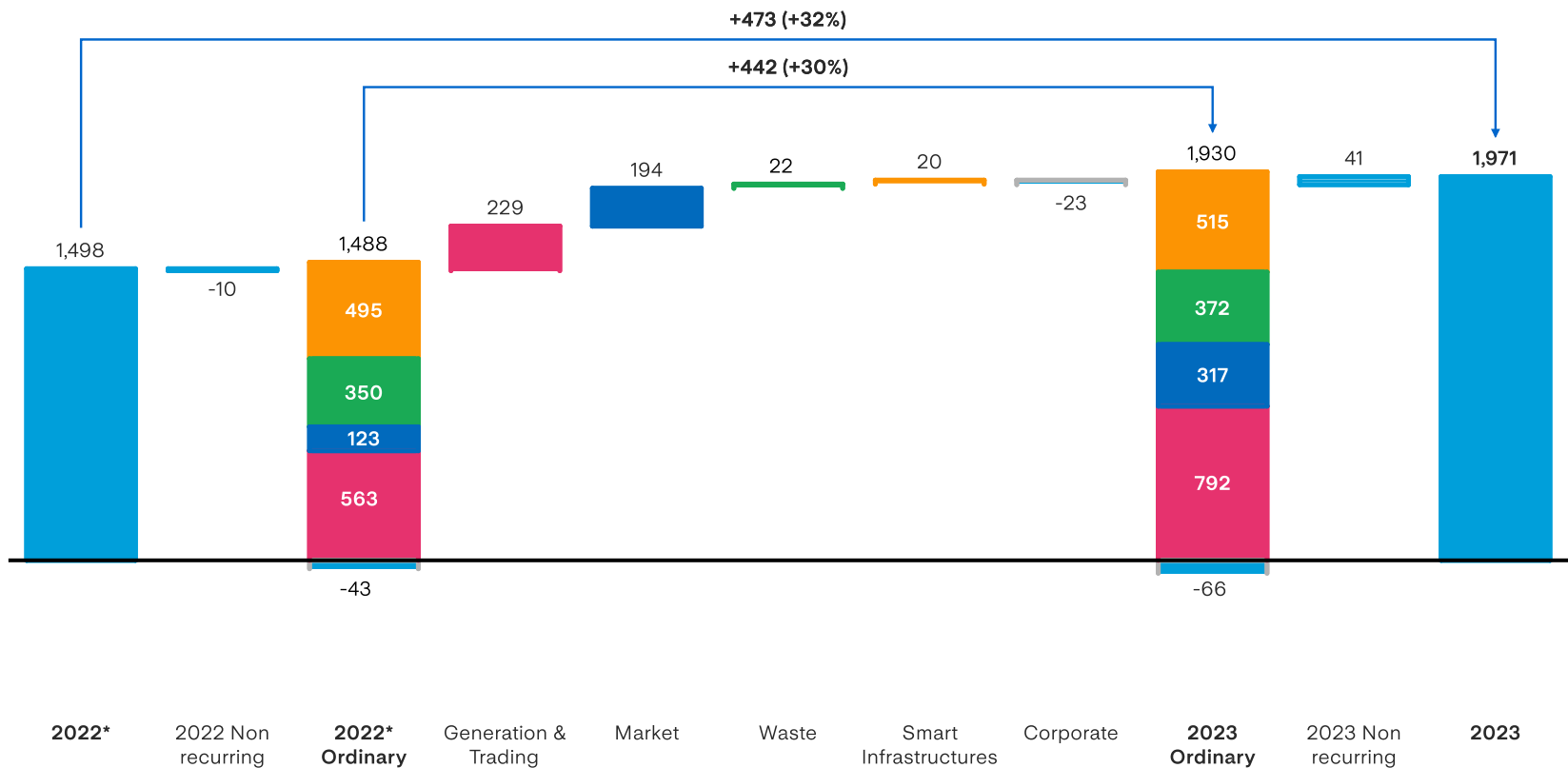
NFP/Ebitda



(*) Restated values in accordance with IFRS5

FY 2023 Group Ebitda: a double-digit growth driven by Energy

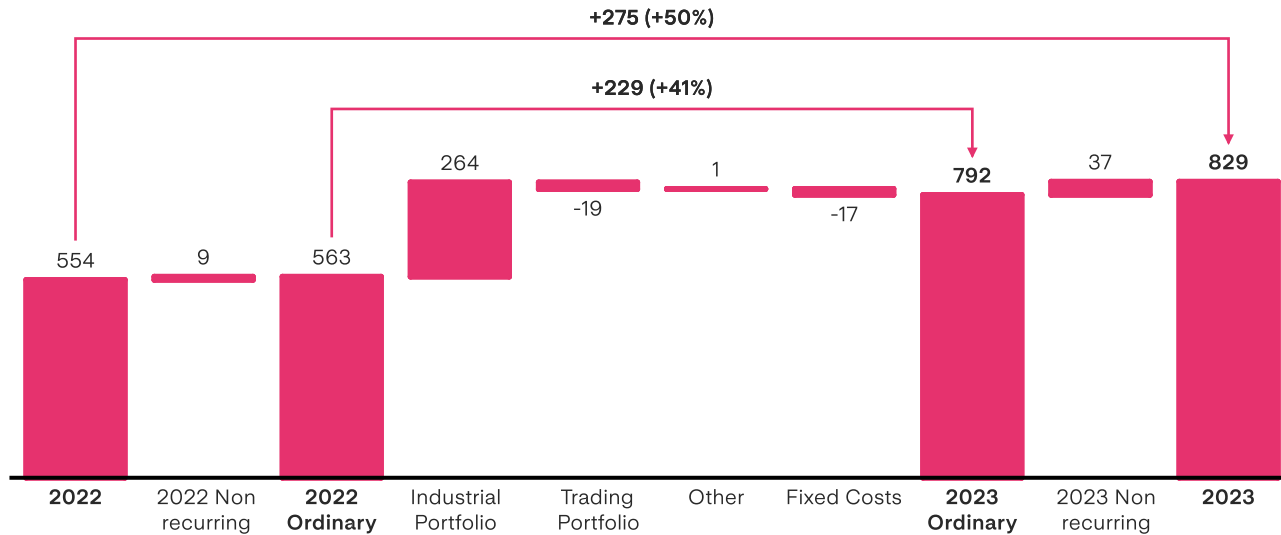
€M



(*) Restated values in accordance with IFRS5.

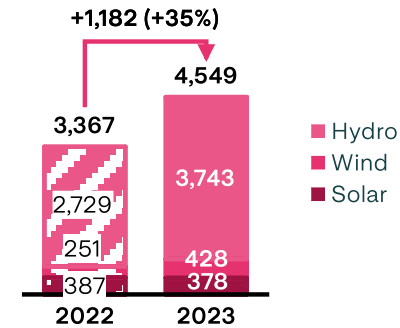
Generation & Trading: hydraulicity effects and higher wind volumes offset lower thermal production

Ebitda €M

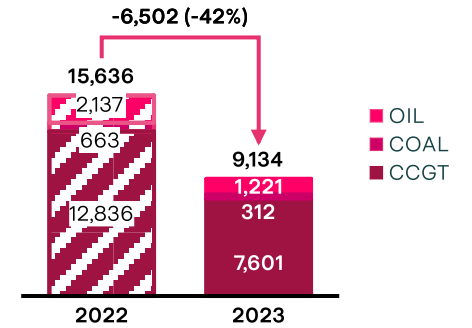


- Positive hydraulicity effects and hedging strategies optimization
- Higher wind volumes (+71%) thanks to the start up of Matarocco wind plant and new plants acquired in 2022
- Lower MSD margin (-61% vs 2022 exceptional values)
- Lower Thermal production

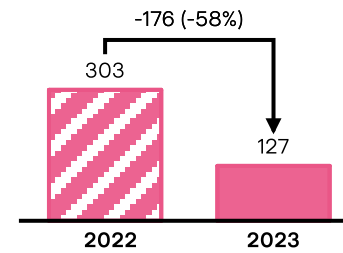
Renewable Production (GWh)



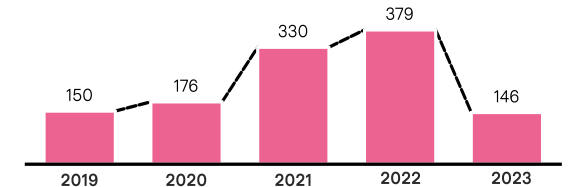
Thermal Production (GWh)



PUN Baseload (€/MWh)



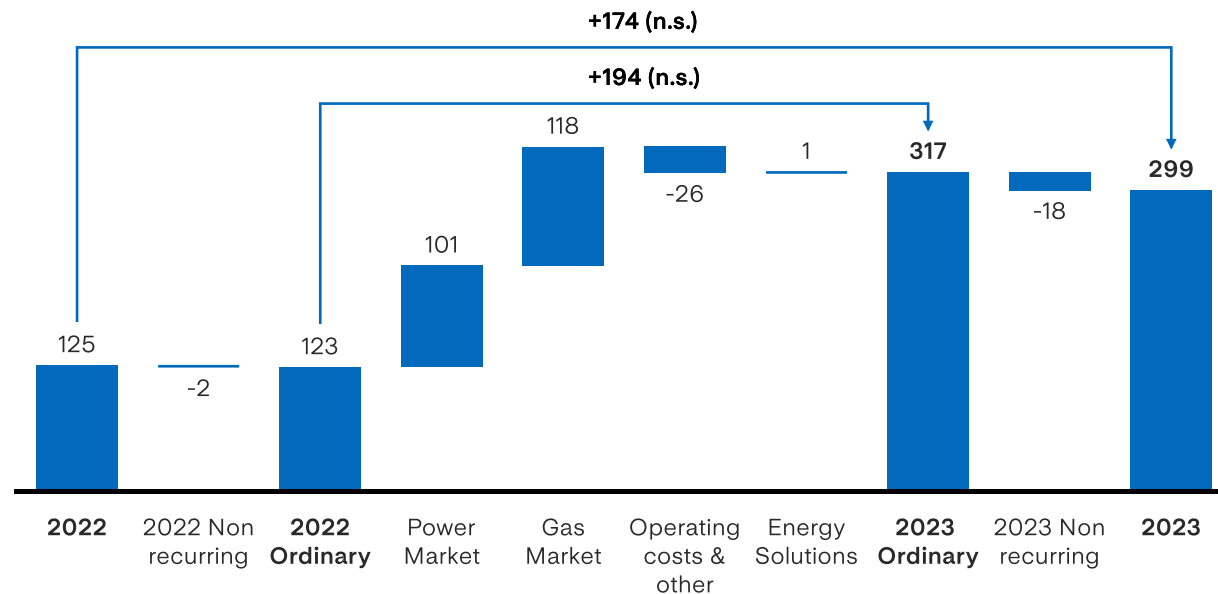
MSD Margin (M€)





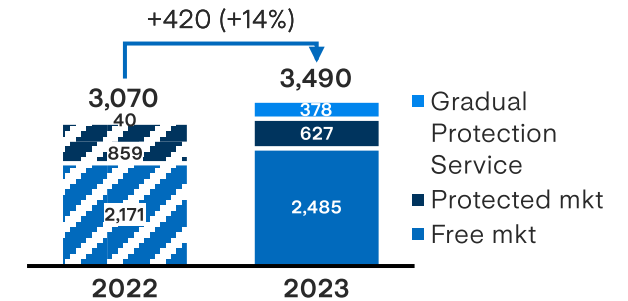
Market: margin increase & wider customer base support strong growth

Ebitda €M

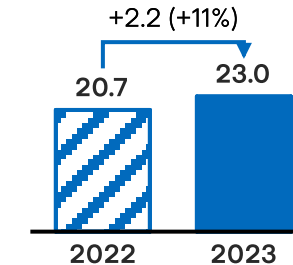


- Positive contribution of large customers' segment & Safeguard market
- Increased customer base in free mass market
- Margin increase, mainly linked to margin recovery in fixed price contracts
- Retention actions & management cost

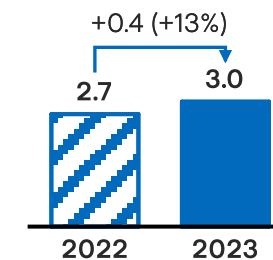
Customer Base Mass Market (#/000)



Electricity Sales (TWh)



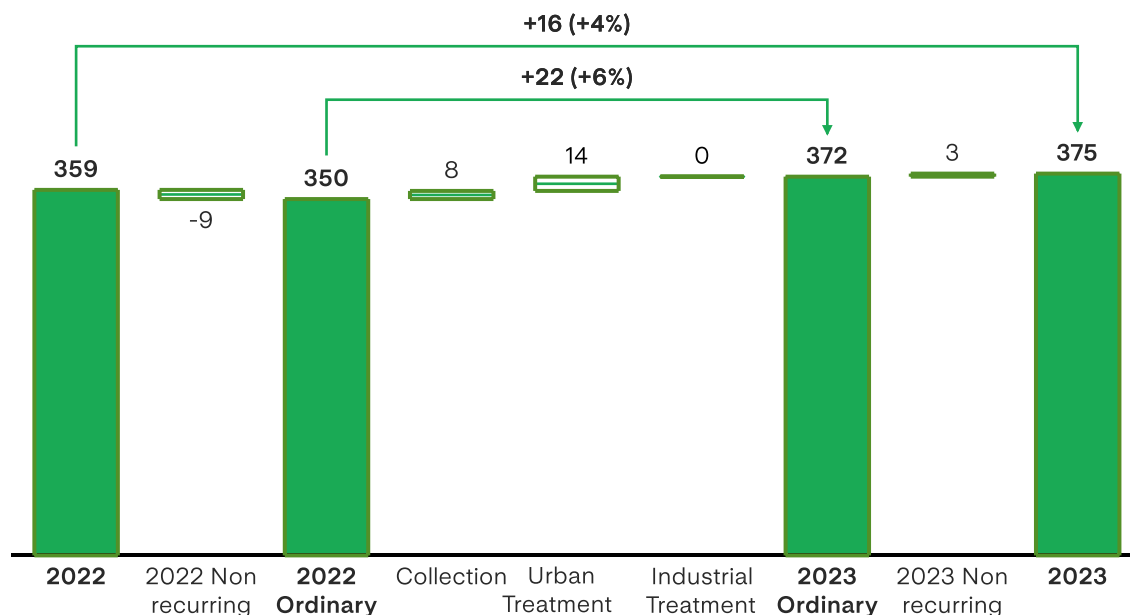
Gas Sales (Bcm)





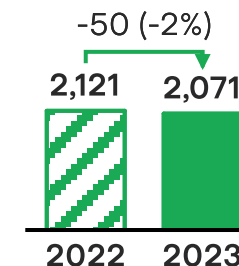
Waste: positive urban treatment and collection performance

Ebitda €M



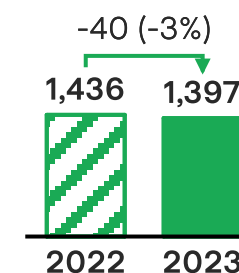
- **Collection:** higher marginality due to lower organic disposal costs
- **Treatment:** higher electricity revenues on WTE and higher biomass plants margin, despite the raw materials costs increase

Electricity Energy Sales (GWh)

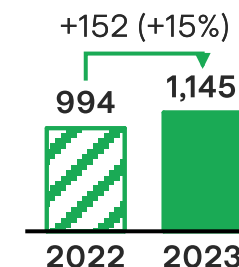


Waste disposal (kton)

Energy recovery



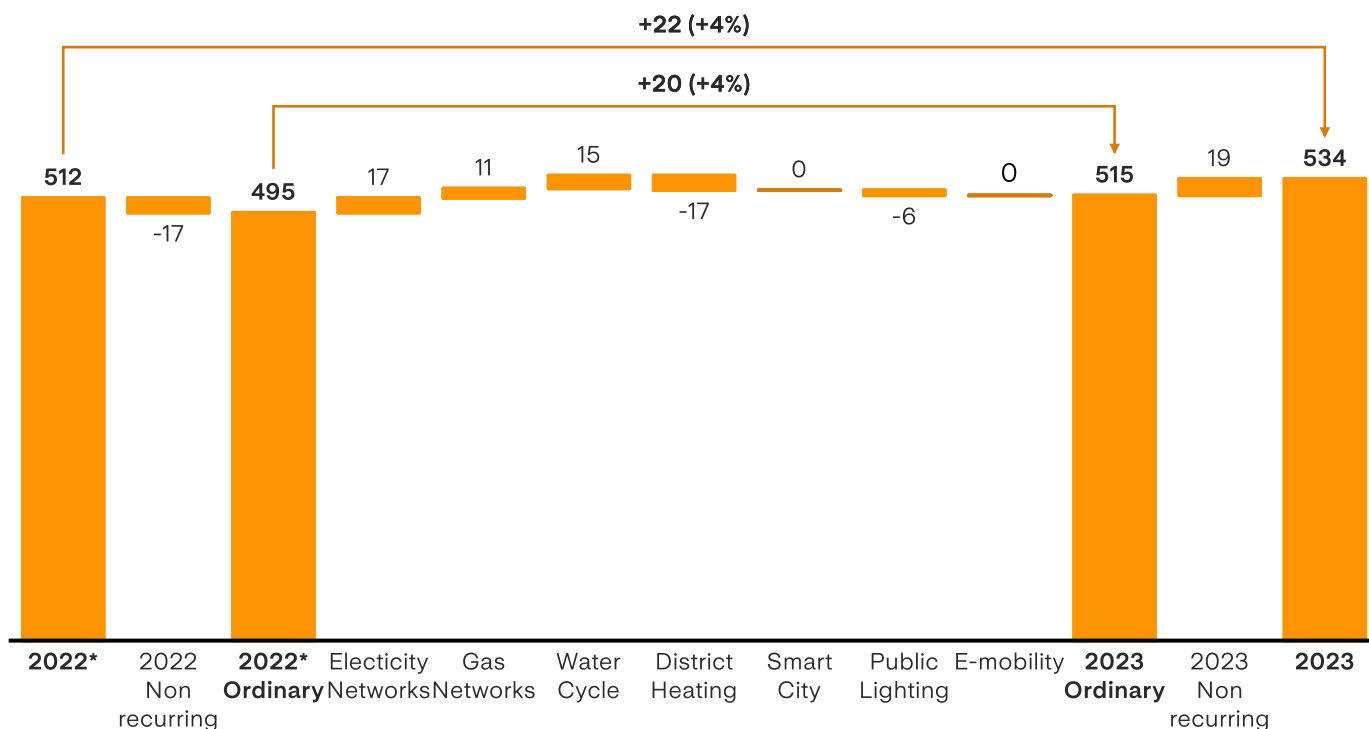
Material recovery





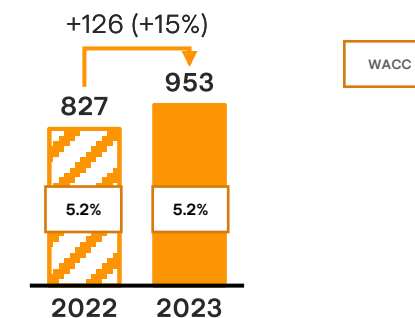
Smart infrastructures: higher allowed revenues balanced by mild temperatures

Ebitda €M

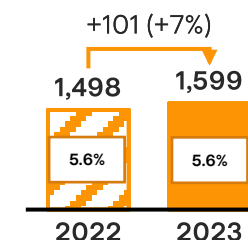


- **Gas & EE Networks:** higher allowed revenues (higher RAB)
- **Water Cycle:** lower electricity costs and higher allowed revenues
- **District Heating:** lower heat volumes due to mild temperatures and higher operative costs, partially offset by newly acquired A2A Airport positive contribution (cogeneration plants in Linate and Malpensa airports) and by positive heat management impact ("superbonus")

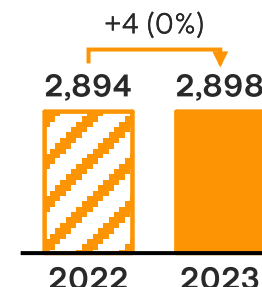
RAB EE (€M)



RAB GAS (€M)

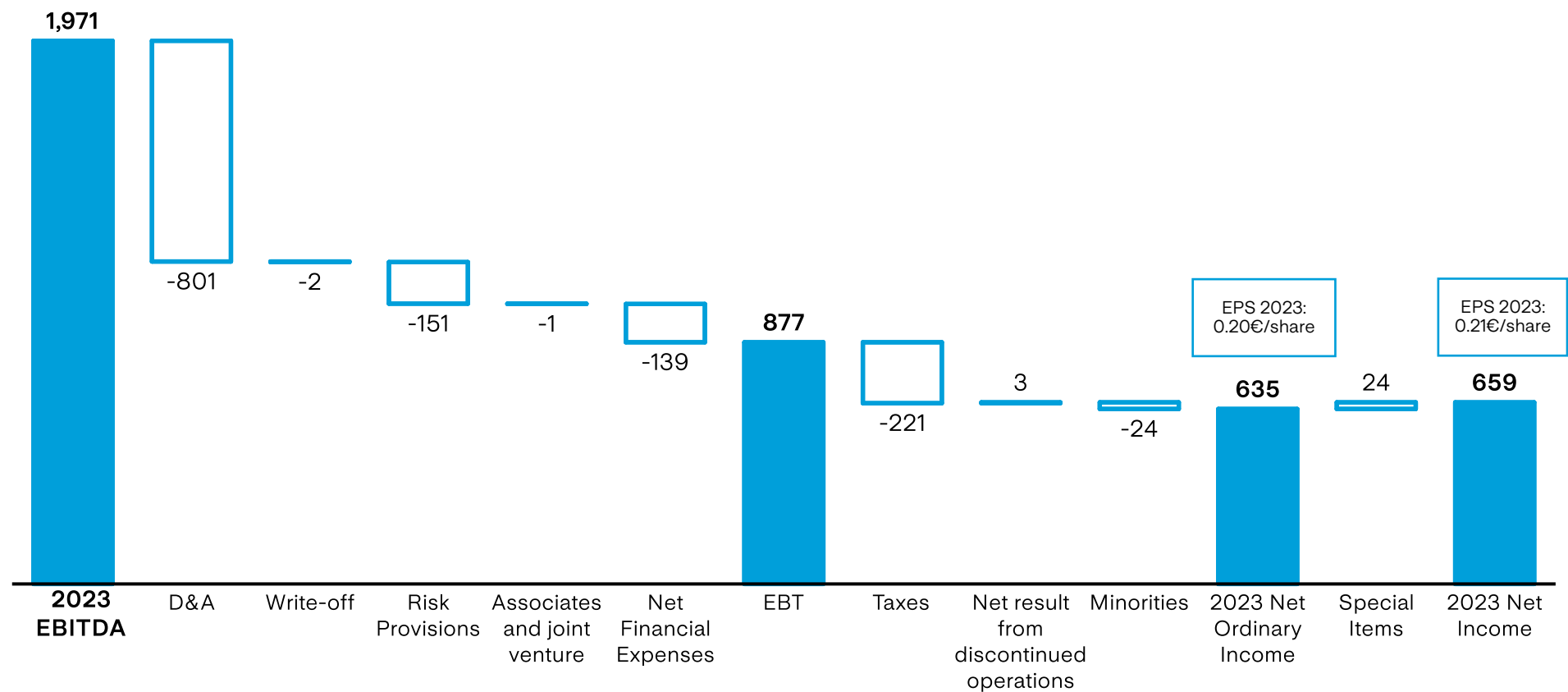


Heat Volumes (GWht)



FY 2023 results: from Ebitda to net income

€M



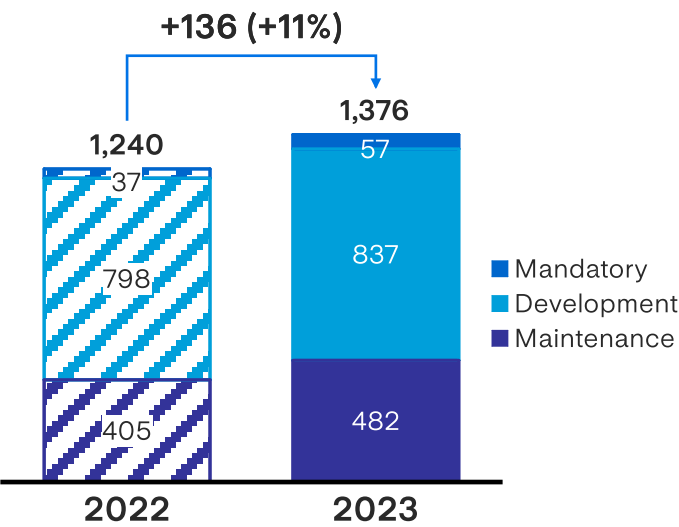
2022 ^(*)	1,498	-722	-2	-92	2	-90	594	-174	7	-47	380	21	401
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(*) Restated values in accordance with IFRS5.

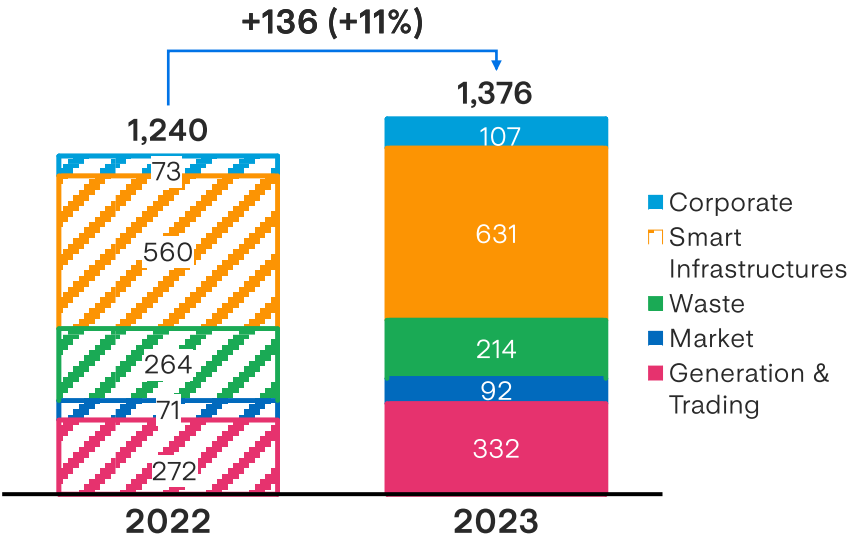
FY 2023 results: capex

€M

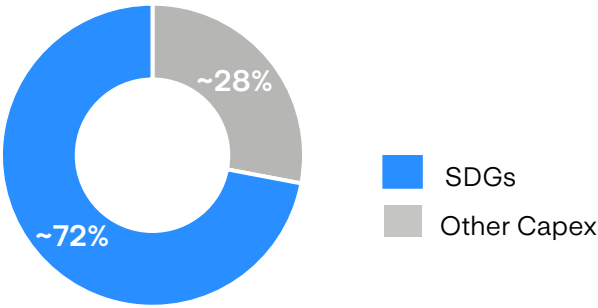
Breakdown by Activity



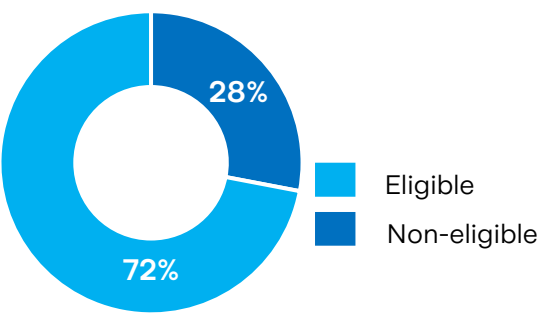
Breakdown by BU



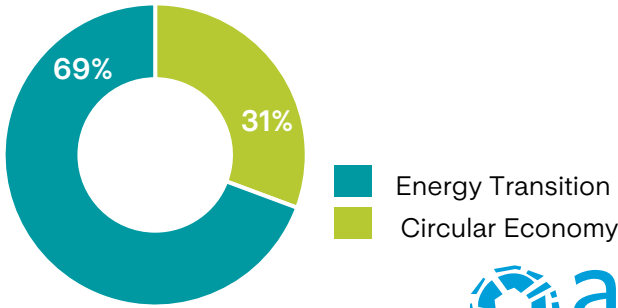
Breakdown by SDGs



Breakdown by EU Taxonomy

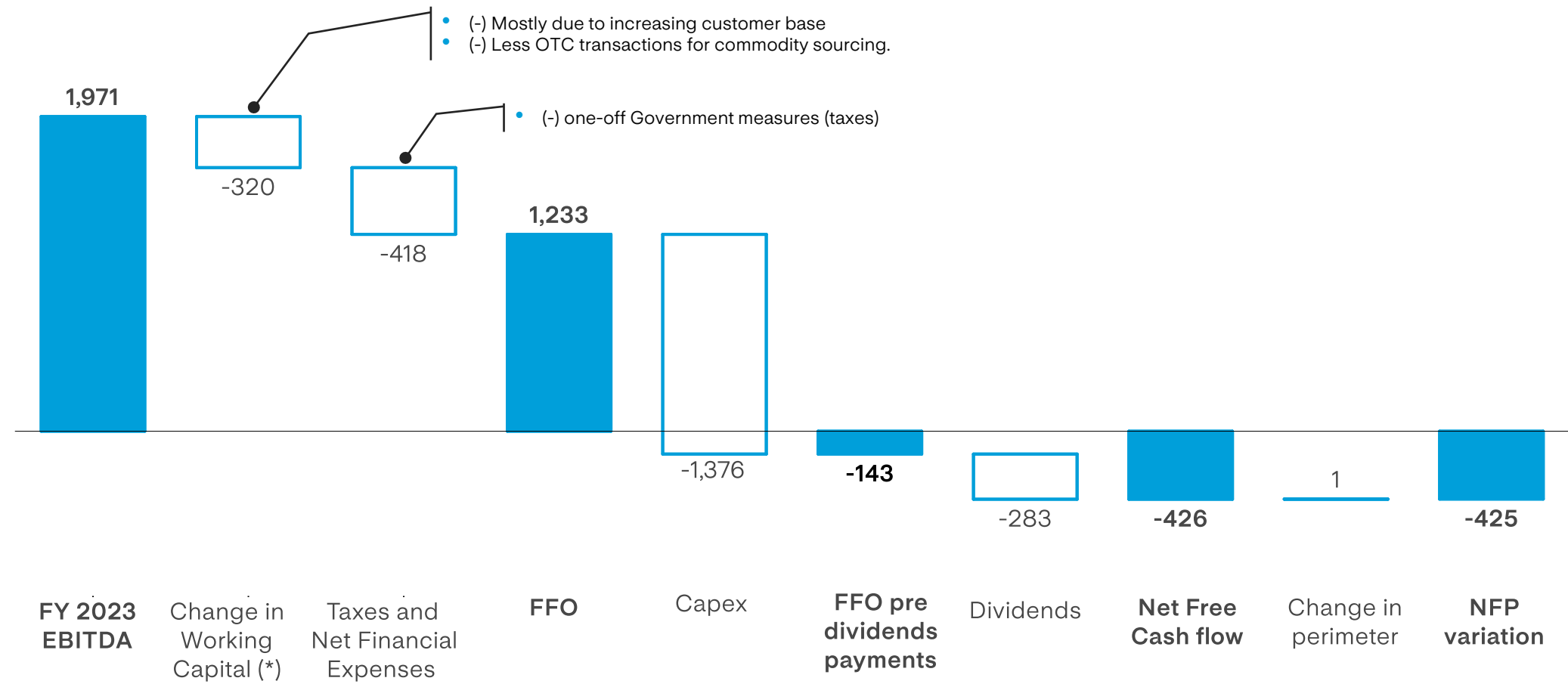


Breakdown by Circular Economy & Energy Transition

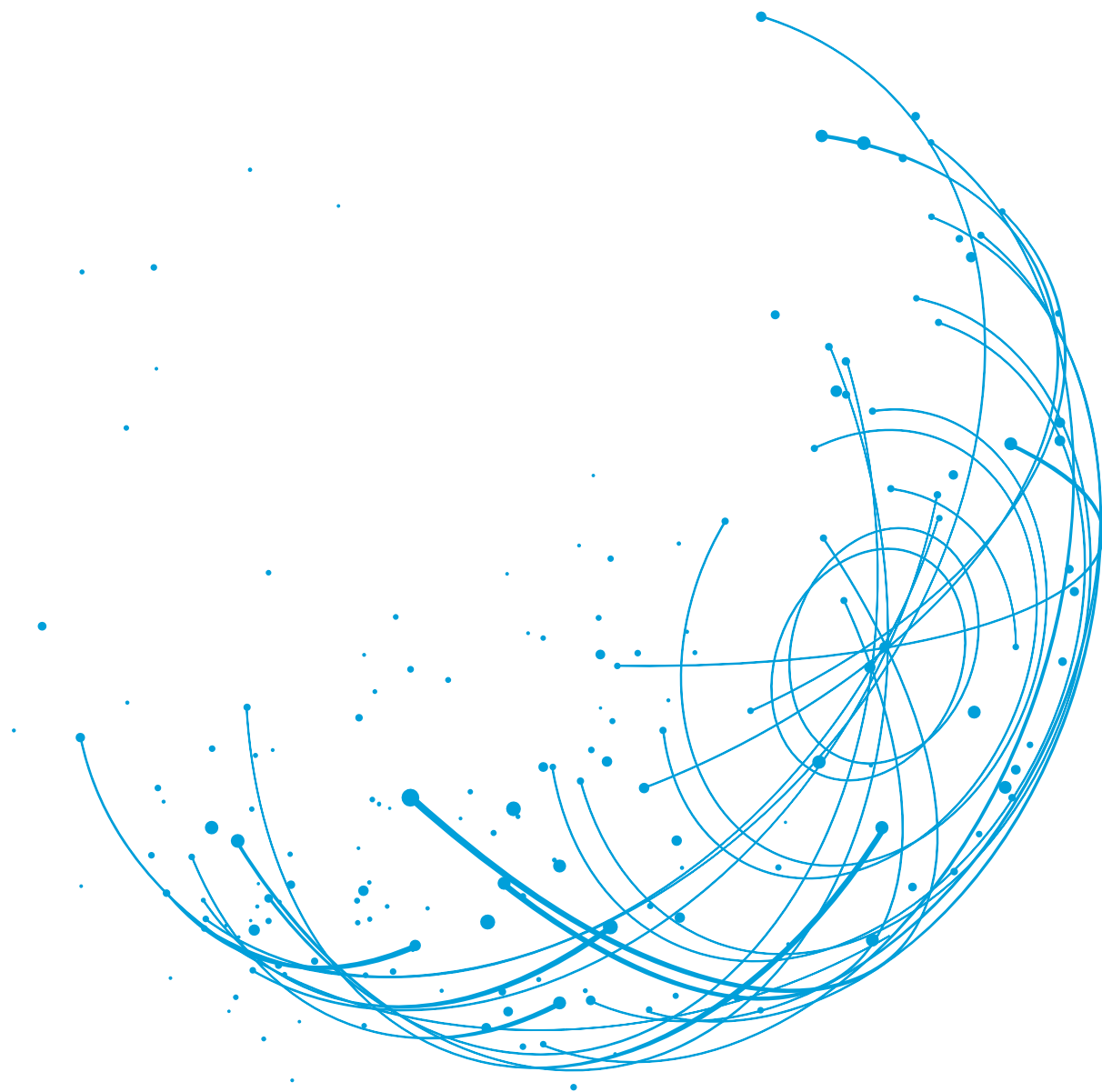


FY 2023 results: net free cash flow

€M

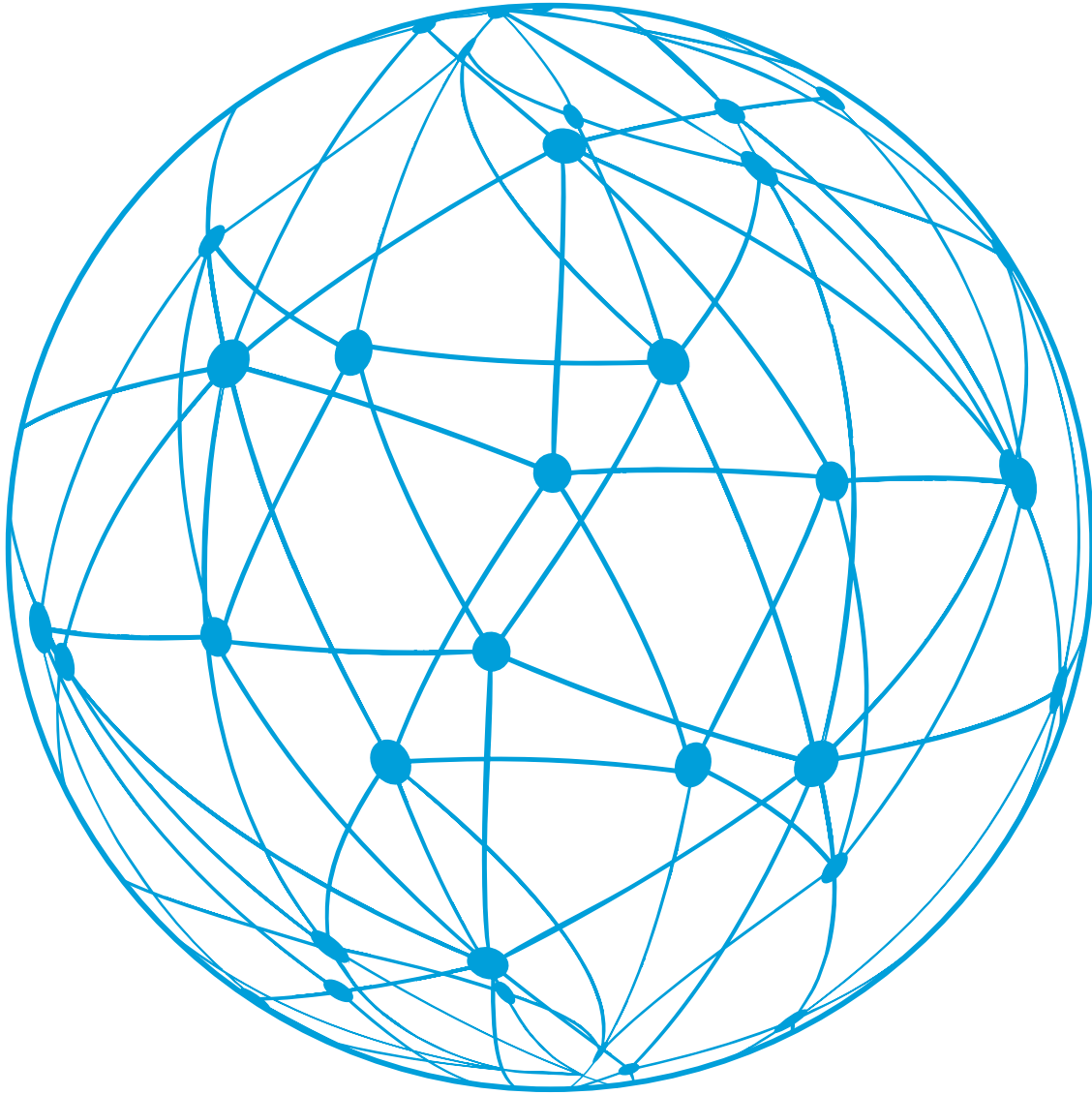


(*) Change in Working Capital includes also other Assets and Liabilities and Use of Funds



Q&A

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Annexes

Business Units Ebitda breakdown

€M

	FY 2023		FY 2022*		Change			
	Reported	Ordinary	Reported	Ordinary	Reported		Ordinary	
A2A	1,971	1,930	1,498	1,488	473	32%	442	30%
 Generation & Trading	829	792	554	563	275	50%	229	41%
Market	299	317	125	123	174	n.s.	194	n.s.
Energy Retail	297	315	124	122	173	n.s.	193	n.s.
Energy Solutions	2	2	1	1	1	n.s.	1	n.s.
 Waste	375	372	359	350	16	4%	22	18%
Collection	64	62	54	54	10	19%	8	15%
Urban Treatment	269	267	262	253	7	3%	14	6%
Industrial Treatment	42	43	43	43	-1	-2%	0	0%
 Smart Infrastructures	534	515	512	495	22	4%	20	4%
Electricity Networks	156	153	137	136	19	14%	17	13%
Gas Networks	162	157	145	146	17	12%	11	8%
Water Cycle	67	63	61	48	6	10%	15	31%
District Heating	121	116	135	133	-14	-10%	-17	-13%
Smart City	9	9	10	9	-1	-10%	0	0%
Public Lighting	21	19	26	25	-5	-19%	-6	-24%
E-Moving	-2	-2	-2	-2	0	n.s.	0	n.s.
 Corporate	-66	-66	-52	-43	-14	-27%	-23	-53%

(*) Restated values showed net of contribution of water cycle assets that will be sold in 2023 Their economic impact has been reclassified in accordance with IFRS5.

FY 2023 VS FY 2022: profit & loss

€M

	FY 2022 Restated*	FY 2023	Delta vs 2022	Delta % vs 2022
Revenues	23,156	14,758	-8,398	-36%
Operating costs	-20,893	-11,972	8,921	-43%
Staff costs	-765	-815	-50	7%
EBITDA	1,498	1,971	473	32%
D&A	-722	-801	-79	11%
Write-off	-2	-2	0	n.s.
Provisions	-92	-151	-59	64%
ORDINARY EBIT	682	1,017	335	49%
Net Financial Expenses	-90	-139	-49	54%
Associates & JV	2	-1	-3	n.s.
ORDINARY EBT	594	877	283	48%
Taxes	-174	-221	-47	27%
Net Results from disc. Operations	7	3	-4	-57%
Minorities	-47	-24	23	-49%
Group Net Ordinary Income	380	635	255	67%
+/- Special Items	21	24	3	14%
Group Net Income	401	659	258	64%

(*) Restated values in accordance with IFRS5.

FY 2023 VS FY 2022: balance sheet

€M

	FY2022	FY 2023	Δ vs FY 2022	Δ% vs FY 2022
Tangible Assets	6,162	6,643	481	8%
Intangible Assets	3,515	3,630	115	3%
Shareholdings and Other Non Current Financial Assets	82	83	1	1%
Other Non Current Assets/Liabilities	-296	-188	108	-36%
Deferred Tax Assets and Liabilities	363	464	101	28%
Provisions for Risks, Charges and Liabilities for landfills	-729	-828	-99	14%
Employee Benefits	-248	-237	11	-4%
Net Fixed Capital	8,849	9,567	718	8%
Net Working Capital	-308	-246	62	-20%
Other Current Assets/Liabilities	283	193	-90	-32%
Current Tax Assets/Liabilities	-99	-29	70	-71%
Working Capital and Other Current Assets/Liabilities	-124	-82	42	-34%
Non Current Assets/Liabilities held for sale	0	0	0	
Total Capital Employed	8,725	9,485	760	9%
Equity	4,467	4,802	335	7%
Net Financial Position	4,258	4,683	425	10%
Total Sources	8,725	9,485	760	9%

Energy scenario

	UoM	FY 2022	FY 2023	Δ% vs 2022
Brent	\$/bbl	99	82	-17%
CO2 – EU ETS cost	€/Tonn	81	85	5%
€/€	€/€	1	1	3%
Brent €	€/bbl	94	76	-19%
PSV ⁽¹⁾	€/MWh	122	42	-65%
Coal € (API2)	€/Tonn	277	119	-57%
PUN Baseload ⁽²⁾	€/MWh	303	127	-58%
PUN Peak ⁽²⁾	€/MWh	334	137	-59%
PUN Off-Peak ⁽²⁾	€/MWh	286	122	-57%
CCGT gas cost ⁽³⁾	€/MWh	269	100	-63%
Spark Spread CCGT_PSV vs Baseload	€/MWh	34	27	-21%
Spark Spread CCGT_PSV vs Peakload	€/MWh	65	37	-43%
Spark Spread CCGT_PSV vs Off-Peak	€/MWh	18	21	22%
Clean Spark Spread vs Baseload	€/MWh	2	-7	n.s.
Clean Spark Spread vs Peakload	€/MWh	32	3	-91%
Clean Dark Spread vs Baseload ⁽⁴⁾	€/MWh	97	-36	n.s.

Notes:

(1) Gas at virtual trading point

(2) Hourly average for each month

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

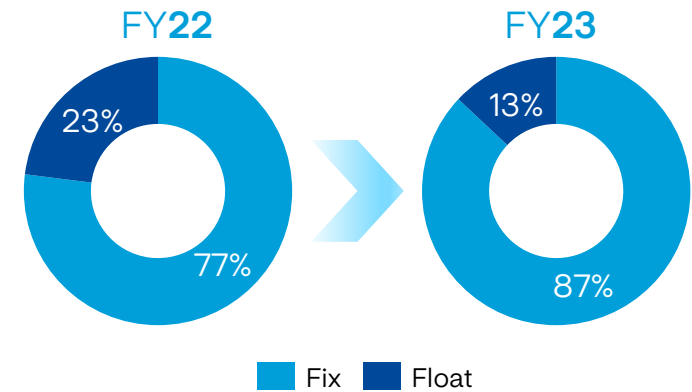
(4) 35% efficiency – includes cost spread on API2 and transport costs

Volumes

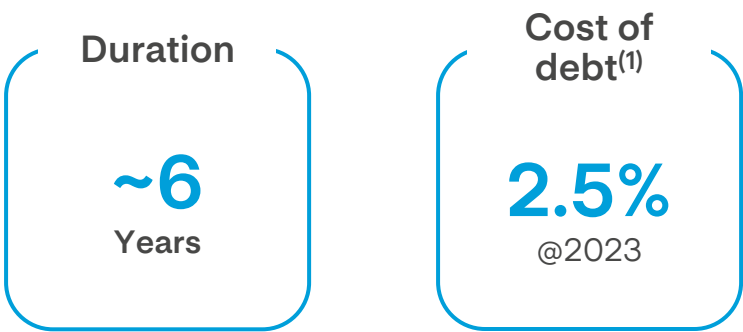
	UoM	FY 2022	FY 2023	Δ vs 2022	Δ% vs 2022
A2A Group Thermal production	GWh	15,636	9,134	-6,502	-42%
- CCGT production	GWh	12,836	7,601	-5,235	-41%
- Coal production	GWh	663	312	-350	-53%
- Oil production	GWh	2,137	1,221	-917	-43%
A2A Group Renewable production	GWh	3,367	4,549	1,182	35%
- Hydro production	GWh	2,729	3,743	1,014	37%
- Photovoltaic production	GWh	387	378	-9	-2%
- Wind production	GWh	251	428	177	71%
Electricity sales	GWh	20,737	22,964	2,227	11%
Gas sales	Mcm	2,677	3,032	356	13%
Electricity distributed	GWh	11,238	10,882	-356	-3%
Gas distributed	Mcm	2,726	2,503	-223	-8%
Water Distributed	Mcm	75	69	-6.0	-8%
Heat volumes sales	GWht	2,877	2,888	11	-
Cogeneration electricity sales	GWh	429	726	297	n.s.
Collected waste	Kton	1,785	1,787	2	-
Waste disposal	Kton	3,368	3,640	272	8%
- Material recovery	Kton	994	1,145	152	15%
- Energy recovery	Kton	1,436	1,397	-39	-3%
- Other	Kton	938	1,098	160	17%
WTE and other plants electricity sold	GWh	2,121	2,071	-50	-2%
WTE and other plants heat sold	GWht	1,487	1,544	57	4%

Financials as of 31 December 2023

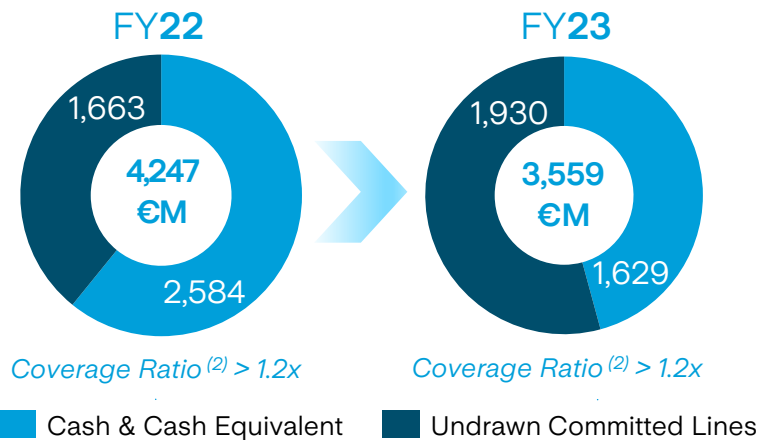
Sound financial structure



Duration and Average Cost of debt



Liquidity Position remains solid

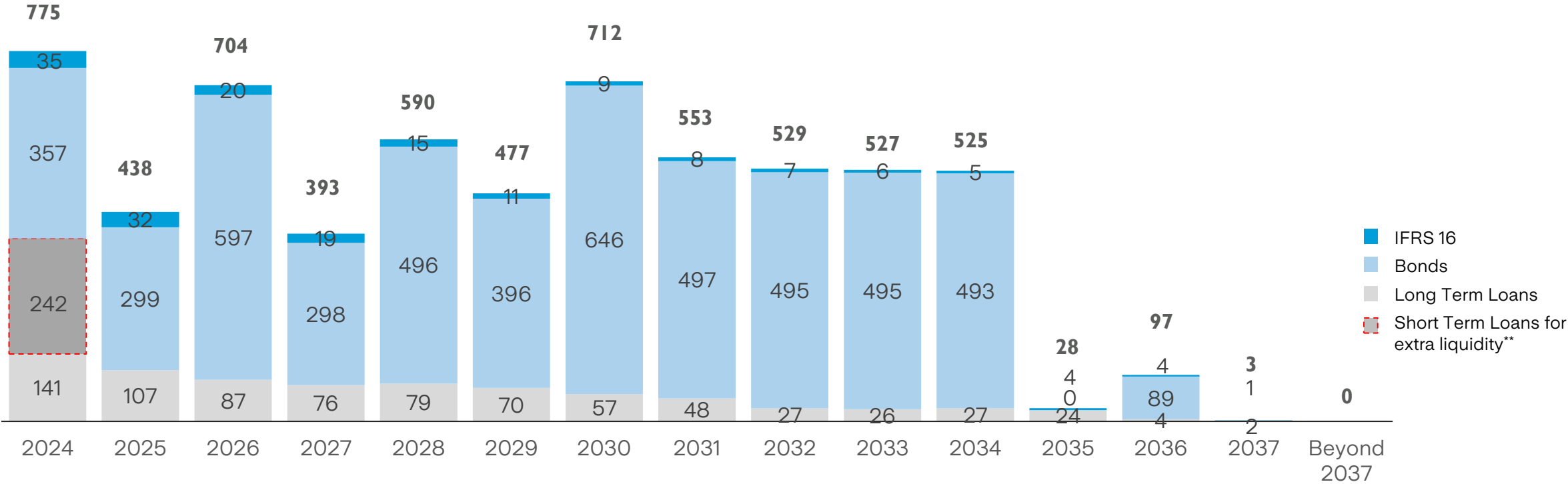


Commitment to credit rating

Agency	Rating	Outlook
S&P Global ⁽³⁾	BBB	Stable
MOODY'S ⁽⁴⁾	Baa2	Stable

(1) Financial expenses reported / average gross debt (excluding hot money & RCF)
(2) This ratio measures the coverage of expected cash flows in the next 12 months given the Liquidity position
(3) September 2023: S&P's Outlook from Negative to Stable
(4) November 2023: Moody's Outlook from Negative to Stable

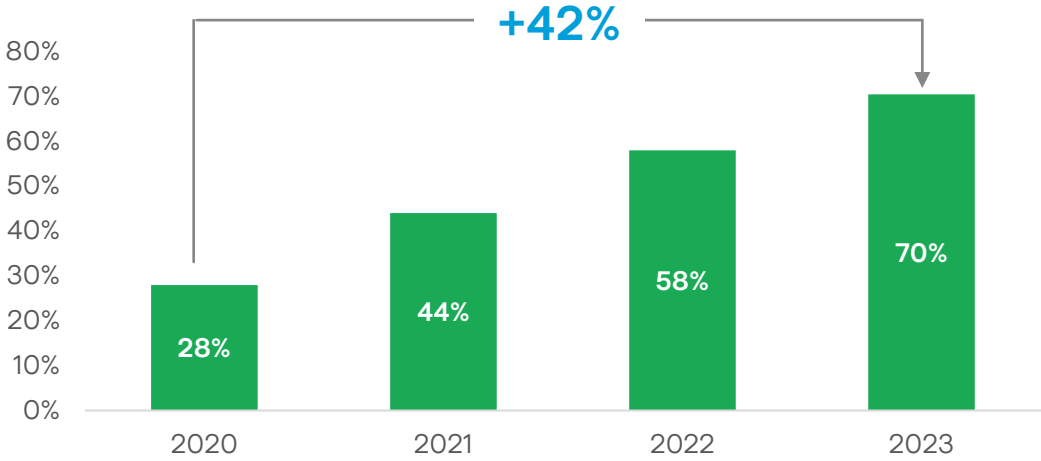
Gross debt redemption profile FY 2023



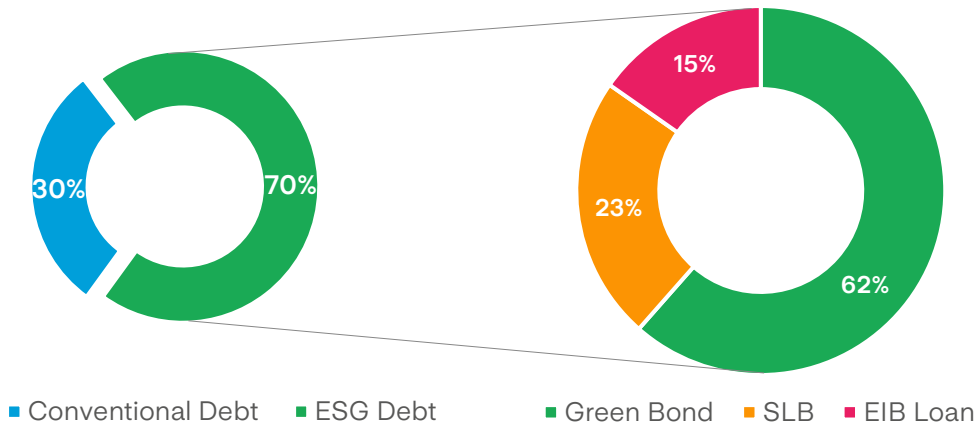
(*) Financial expenses reported / average gross debt (excluding hot money & RCF)
(**) Includes: loan <18M tenor, committed and uncommitted facilities used

Sustainable Finance Highlights

ESG Debt evolution



Conventional vs ESG Debt as of 31 December 2023 | %



Financial Strategy linked to Sustainability

Sustainable Finance Highlights in 2023

5th Green Bond

A2A issued a new Green Bond supporting investments in **energy transition** and **circular economy**

January 23

Insurance Policy KPI Linked - Pollution

A2A signed an insurance policy linked to the achievement of **sustainability targets** related to environmental risks management

November 23

Credit Facility for green guarantees

A2A signed an agreement to issue **green guarantees** for projects aligned with the eligibility criteria defined in the A2A Sustainable Finance Framework, the EU Taxonomy and relevant international guidelines

December 23

European Investment Bank (EIB) financing

A2A signed a new loan with EIB to finance the extension and renovation of its **electricity distribution networks** in Lombardy

December 23

Contacts

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<https://www.gruppoa2a.it/en/investors>