



# **A2A**

## First Quarter 2010 Results

Milan - May 12<sup>th</sup>, 2010



# Agenda

- Q12010 Main financial highlights
- EBITDA Segment Analysis
- From EBITDA to Net Income
- Net debt and Cash Flow
- Scope of consolidation

# Q12010 - Main financial highlights

<i>€M data</i>	Q12009	Q12010	<i>Change</i>	<i>Change %</i>
<b>NET SALES</b>	<b>1,779</b>	<b>1,668</b>	<b>-111</b>	<b>-6.2%</b>
<b>EBITDA</b>	<b>351</b>	<b>269</b>	<b>-82</b>	<b>-23.4%</b>
<b>EBIT</b>	<b>260</b>	<b>151</b>	<b>-109</b>	<b>-41.9%</b>
<b>NET INCOME</b>	<b>92</b>	<b>71</b>	<b>-21</b>	<b>-22.8%</b>
	2009	Q12010	<i>Change</i>	
<b>NET CAPITAL EMPLOYED</b>	<b>9,245</b>	<b>9,039</b>	<b>-206</b>	
<b>NFP</b>	<b>4,650</b>	<b>4,366</b>	<b>-284</b>	
<b>EQUITY</b>	<b>4,595</b>	<b>4,673</b>	<b>+78</b>	
<b>NFP/EQUITY</b>	<b>1.01x</b>	<b>0.93x</b>		

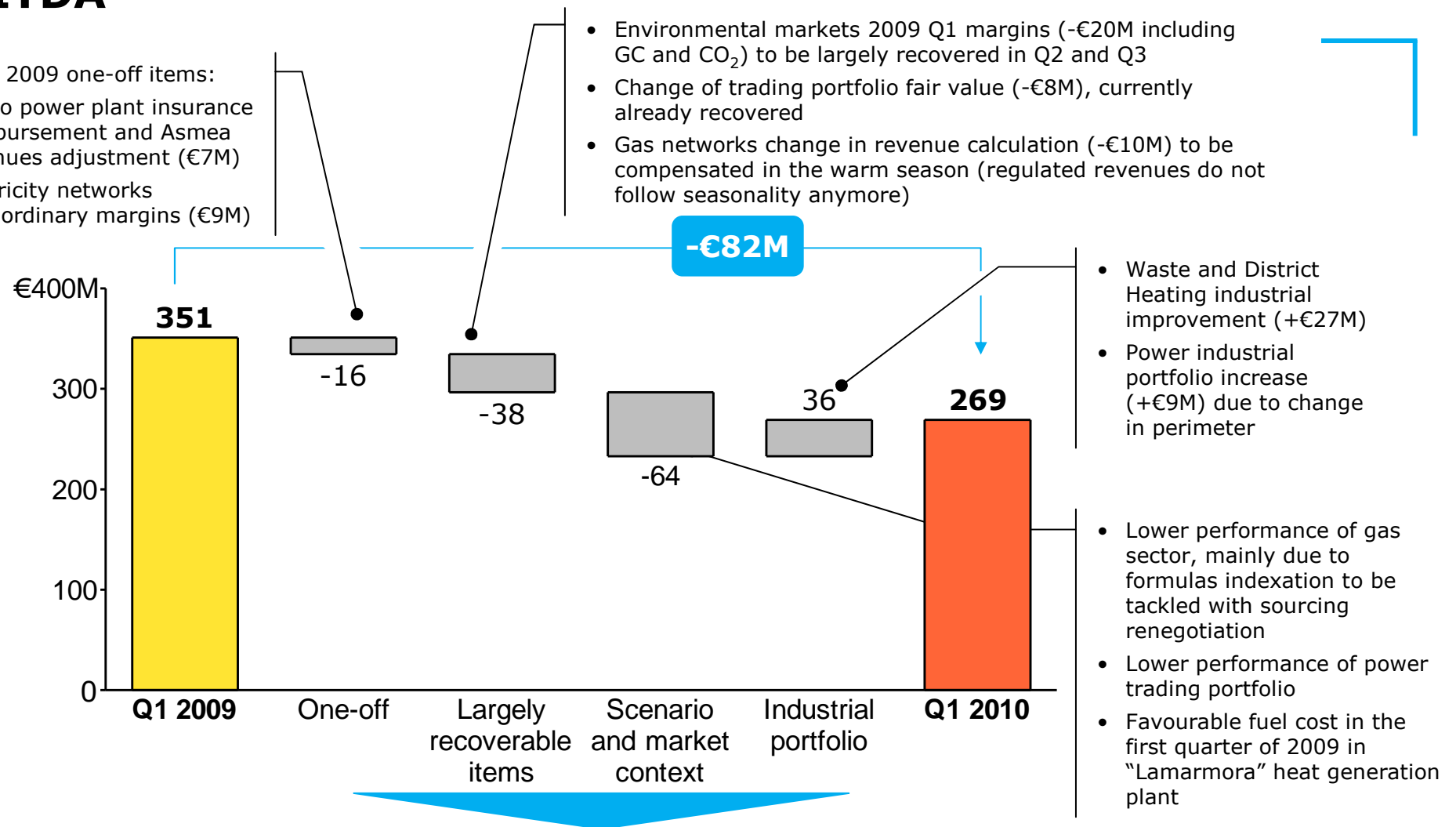
# Q12010 - Results and main strategic achievements

## EBITDA

Positive 2009 one-off items:

- Mincio power plant insurance reimbursement and Asmea revenues adjustment (€7M)
- Electricity networks extraordinary margins (€9M)

- Environmental markets 2009 Q1 margins (-€20M including GC and CO<sub>2</sub>) to be largely recovered in Q2 and Q3
- Change of trading portfolio fair value (-€8M), currently already recovered
- Gas networks change in revenue calculation (-€10M) to be compensated in the warm season (regulated revenues do not follow seasonality anymore)



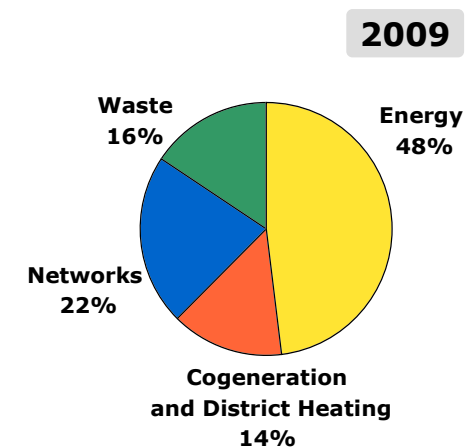
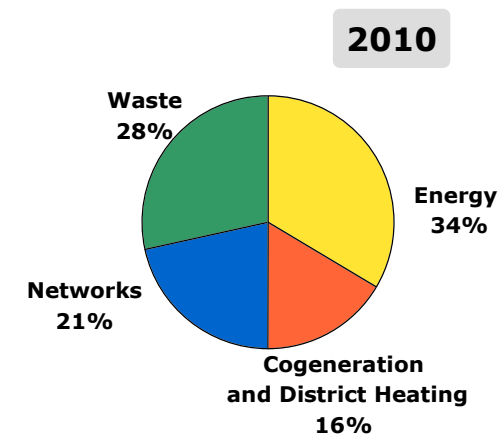
- Waste and District Heating industrial improvement (+€27M)
- Power industrial portfolio increase (+€9M) due to change in perimeter
- Lower performance of gas sector, mainly due to formulas indexation to be tackled with sourcing renegotiation
- Lower performance of power trading portfolio
- Favourable fuel cost in the first quarter of 2009 in "Lamarmora" heat generation plant

**EBITDA reduction due to a combination of non-recurring, scenario and industrial items that can be recovered in next 2010 quarters**

# Q12010 - EBITDA breakdown

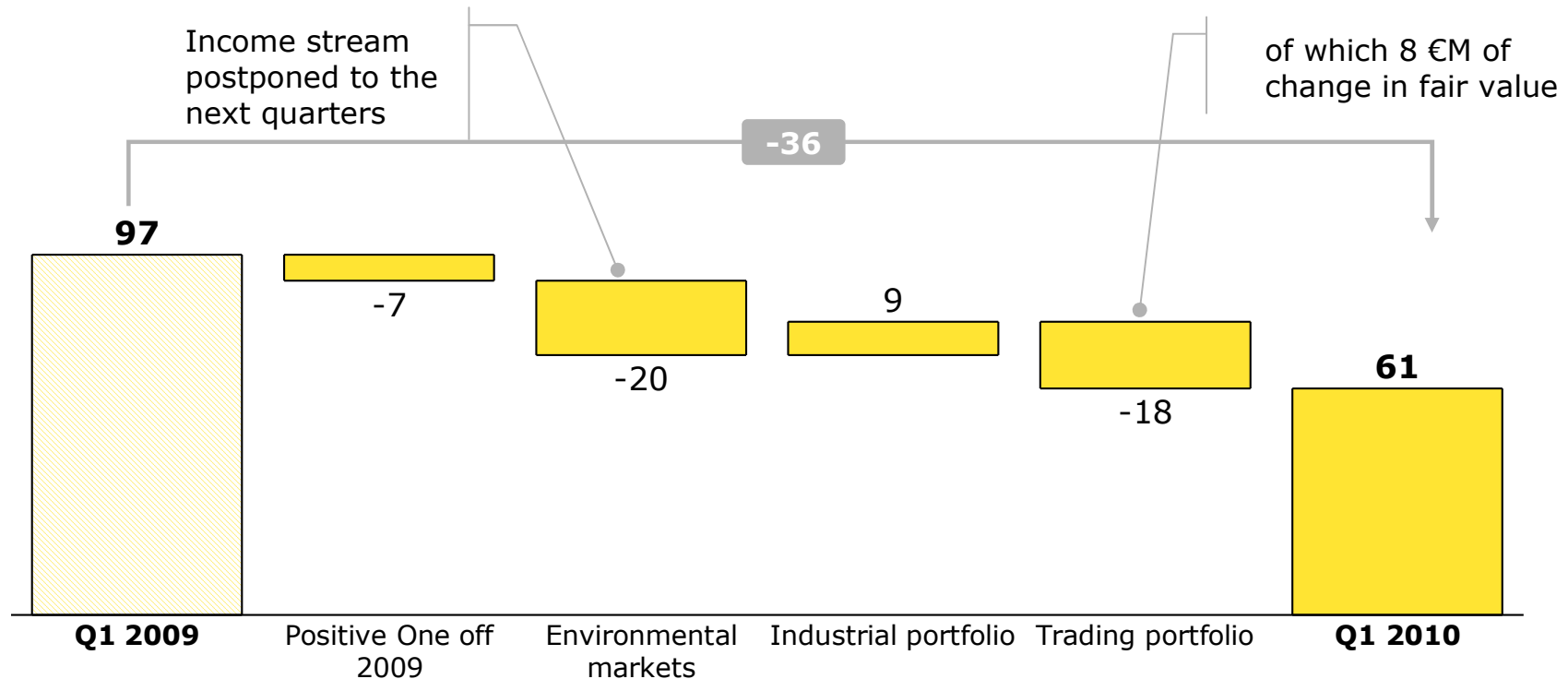
€M data	EBITDA Q12009	EBITDA Q12010	Δ Vs 2009
<b>ELECTRICITY</b>	97	61	-36
<b>GAS</b>	74	32	-42
<b>COGENERATION AND DISTRICT HEATING</b>	51	46	-5
<b>WASTE</b>	56	79	+23
<b>NETWORKS</b>	79	59	-20
<b>OTHER SERVICES &amp; CORPORATE</b>	-6	-6	0
<i>CONSOLIDATION ADJUSTMENTS</i>	0	-2	-2
<b>TOTAL</b>	<b>351</b>	<b>269</b>	<b>-82</b>

## EBITDA BREAKDOWN



# Q12010 Energy - Electricity Results

## EBITDA EVOLUTION 2009A-2010A (€M)



### INDUSTRIAL PORTOLIO - KEY FACTS

- Decreasing margin in wholesale markets
- Increase in retail margin
- Change in perimeter

### TRADING PORTOLIO - KEY FACTS

- 2009 particularly favourable spreads between Italian and foreign power prices
- Fair value variation -8M€ (+10M€ to date)

# Q12010 Energy - Electricity Scenario

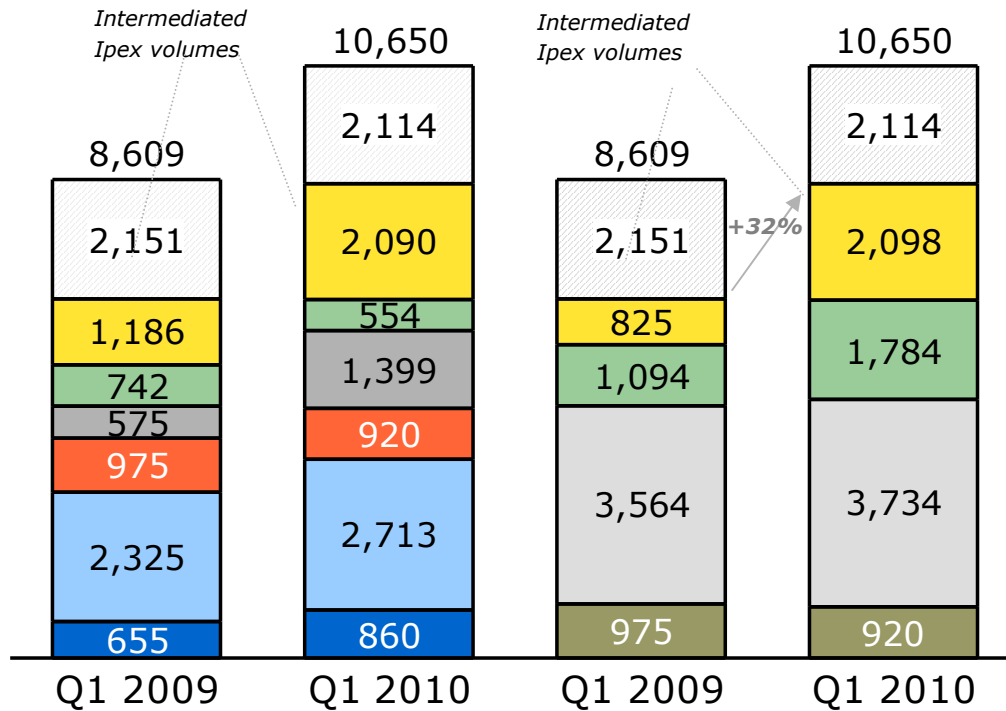
<i>SCENARIO</i>					
Average data			Q1 09	Q1 10	Var %
<b>Brent</b>	\$/bbl		45.77	77.30	69%
<b>CO2 System average cost</b>	€/Tonn		11.46	13.09	14%
<b>Green Certificates System average cost</b>	€/MWh		83.95	87.04	4%
<b>€/\$</b>	€/\$		1.30	1.38	6%
<b>Brent €</b>	€/bbl		35.14	55.88	59%
<b>PUN BL</b>	€/MWh		76.50	62.94	-18%
<b>PUN Peak</b>	€/MWh		94.52	76.34	-19%
<b>PUN Off-Peak</b>	€/MWh		66.54	55.63	-16%
<b>CCGT</b>	€/MWh		75.45	50.79	-33%
<b>Spark Spread CCGT</b>	€/MWh		1.05	12.15	
<b>Spark Spread CCGT vs Peakload</b>	€/MWh		19.07	25.55	
<b>Spark Spread CCGT vs Off-Peak</b>	€/MWh		-8.91	4.84	
<b>Spark Spread CCGT- Environmental Costs</b>	€/MWh		-2.24	6.90	

# Q12010 Energy – Cal y+1 evolution in Germany



# Q12010 Energy - Electricity Sources and Uses

## VOLUMES (GWh)



### Sources

- Foreign markets
- Ipex
- Domestic purchases
- Single Buyer
- Thermal
- Hydro

### Uses

- Captive customers
- Eligibles,Wholesales
- Ipex
- Foreign markets

## GREEN CERTIFICATES POSITION

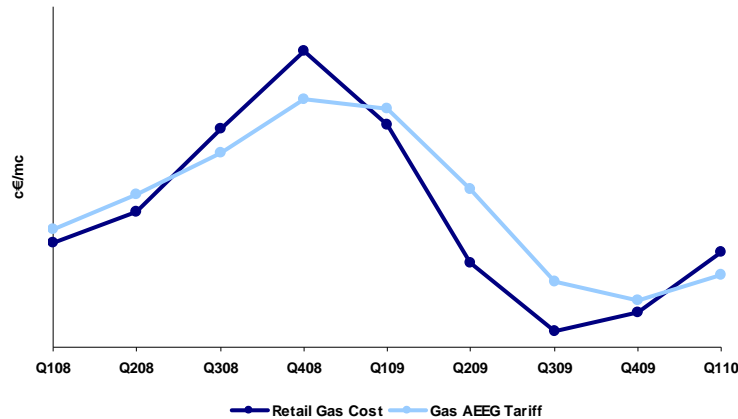
- A2A Group Green Certificates Long Position ~ 270,055 MWh
- Sales expected in Q2 2010

## CO2 POSITION

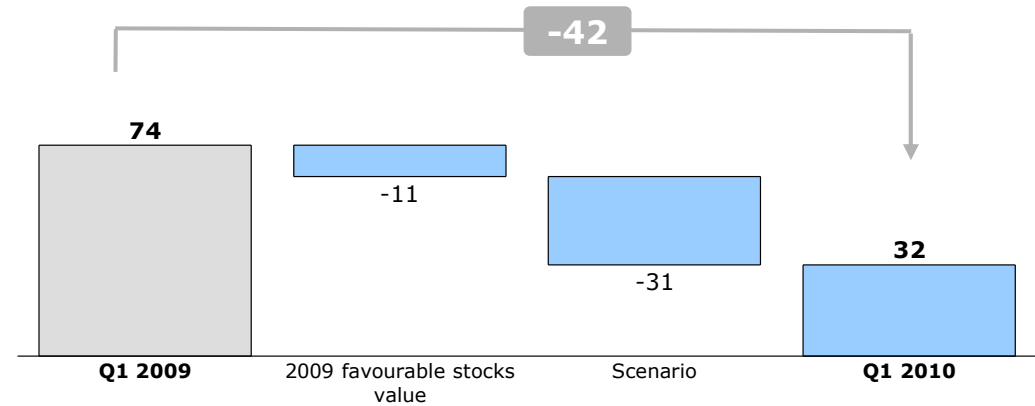
- A2A Group CO2 Long Position ~ 1,781 Kton
- Sales expected in Q3 and Q4 2010

# Q12010 Energy - Gas Results

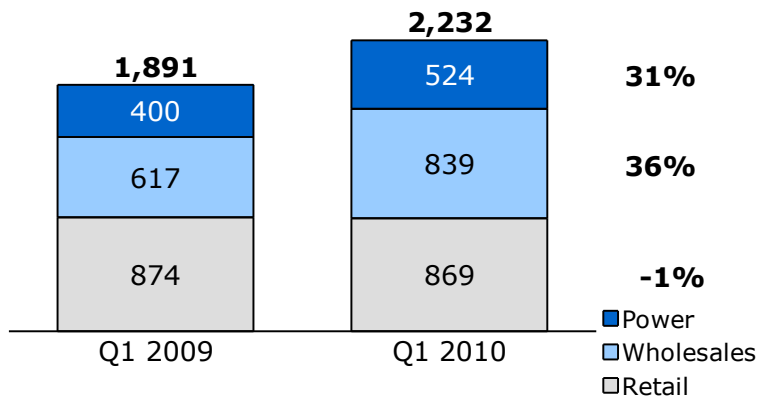
## SCENARIO



## EBITDA (€M)



## VOLUMES (Mcm)



## KEY FACTS (vs 2009)

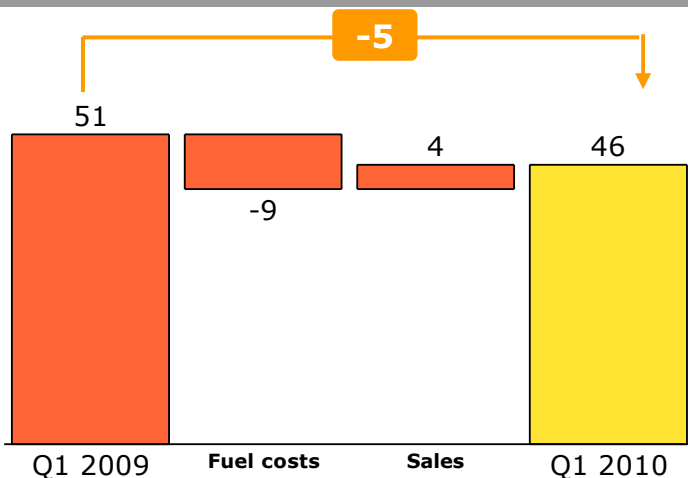
- Lower Ebitda due to the impact of scenario on indexation formulas

## UPSIDES

- Gas contract renegotiation

# Q12010 - Cogeneration and District heating Results

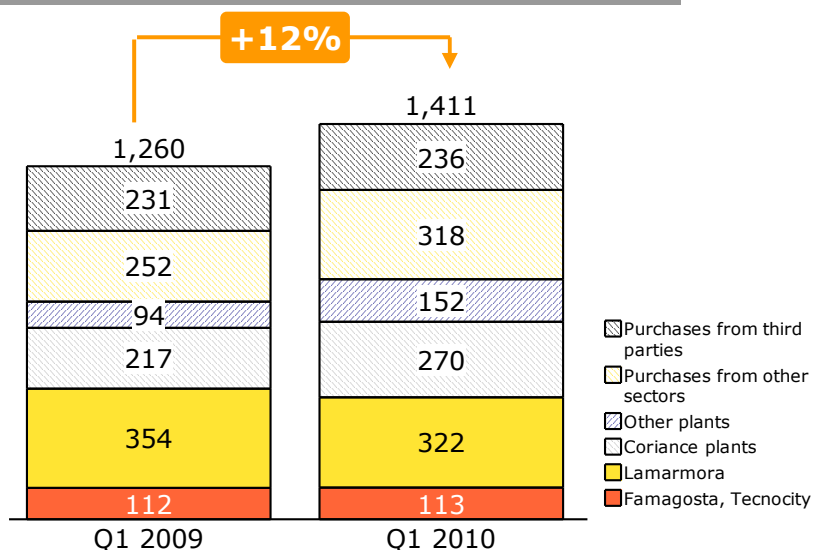
## EBITDA (€M)



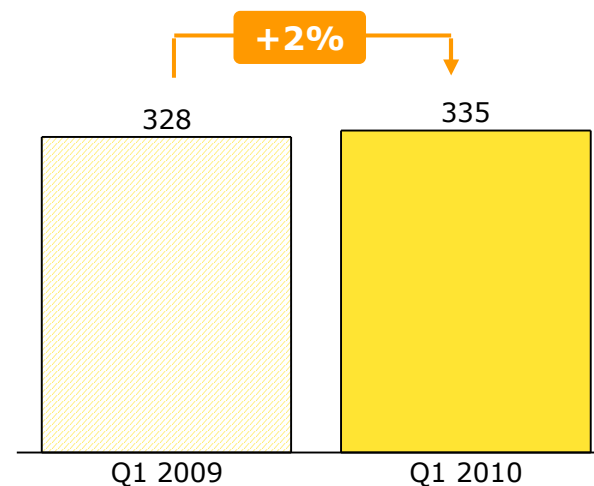
## KEY FACTS

- Favourable fuel costs in 2009 (Fuel Oil)
- Sales increase

## HEAT VOLUMES (GWht)

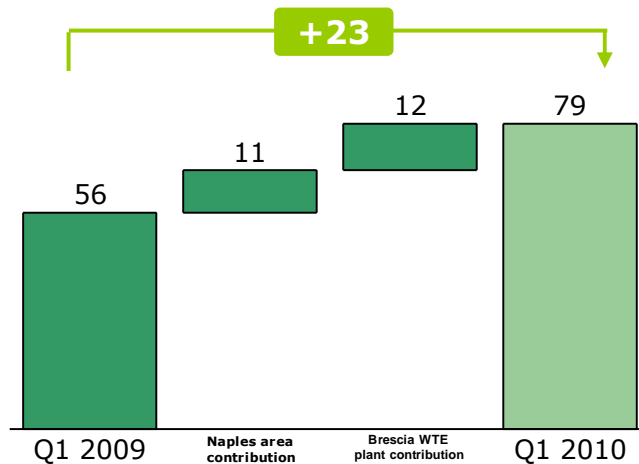


## ELECTRICITY (GWh)



# Q12010 - Waste Results

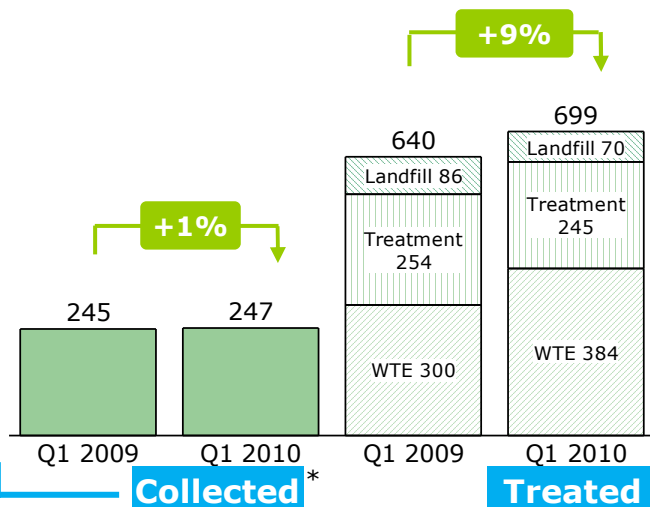
## EBITDA (€M)



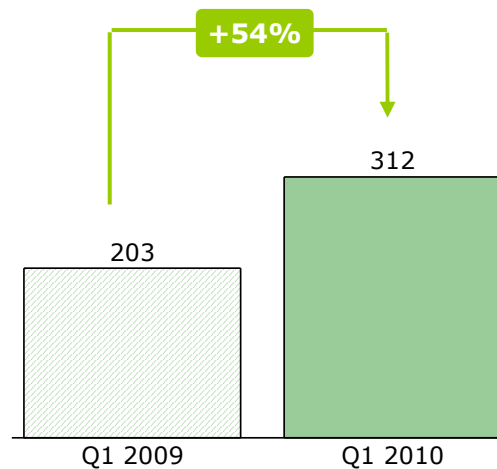
## KEY FACTS

- Impact on EBITDA due to a margin increase of Brescia WTE plant, stopped during 2009 (February -April) for extraordinary maintenance
- Naples area contribution

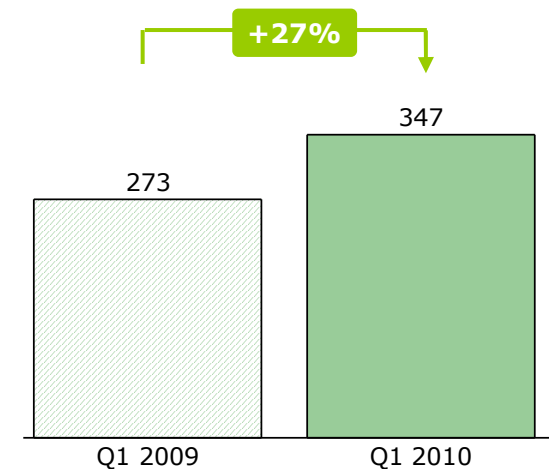
## WASTE VOLUMES (Kton)



## ELECTRICITY (GWh)



## HEAT PRODUCTION (GWht)

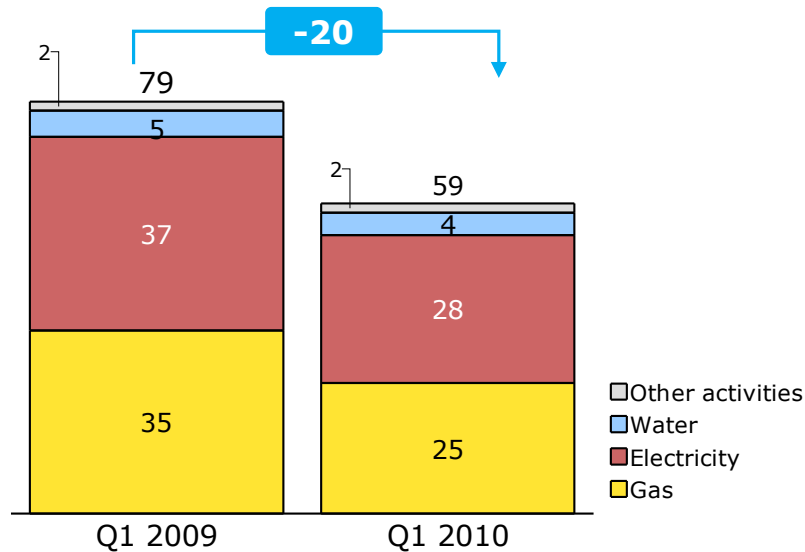


\* related to main municipalities (Milan, Brescia, Bergamo, Varese)

This information was prepared by A2A and it is not to be relied on by any 3rd party without A2A's prior written consent.

# Q12010 - Networks Results

## EBITDA (€M)



## KEY FACTS

**Electricity: -9 €M (positive one off in 2009)**

**Impact on EBITDA due to non current items recorded in 2009**

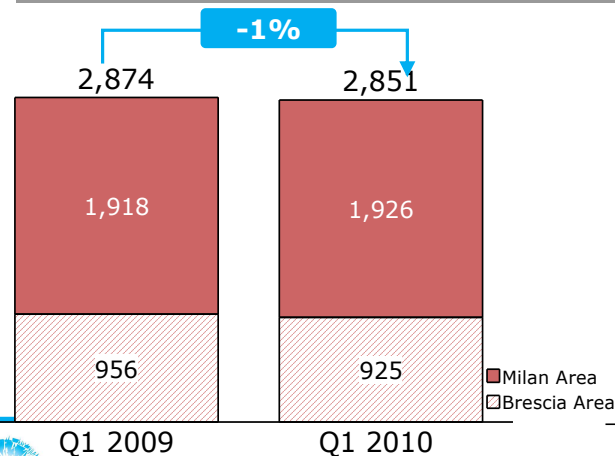
**Gas: -10 €M (to be recovered in the upcoming quarters)**

**Impact on EBITDA due to a different method of revenues allocation in 2010.**

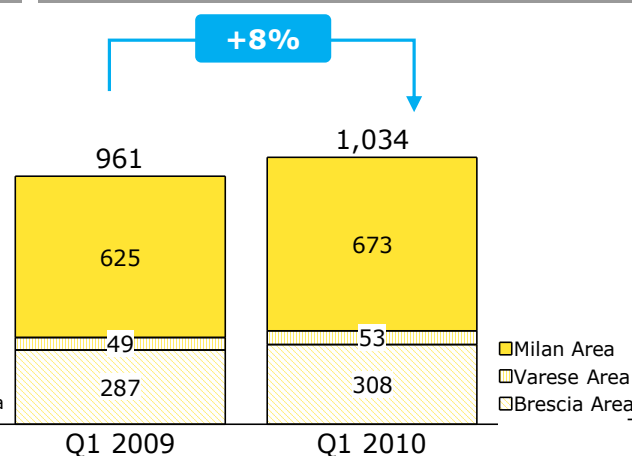
**Water: -1 €M**

**2010 result in line with 2009 result**

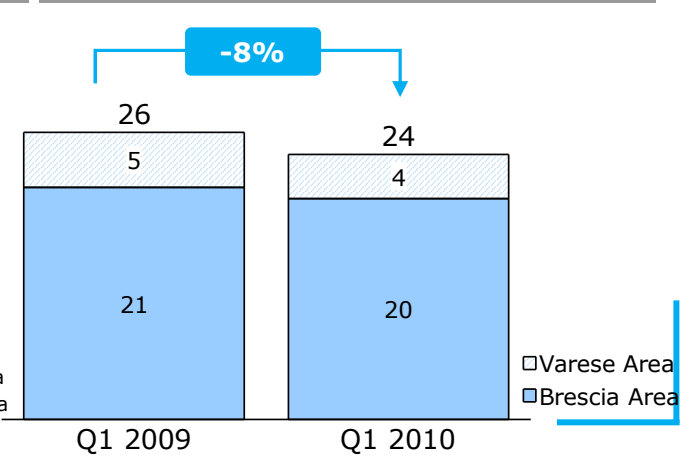
## ELECTRICITY (GWh)



## GAS DISTRIBUTED (Mmc)



## WATER (Mmc)



# Q12010 - From EBITDA to Net Income (1/2)

€M data	Q1 2009	Q1 2010	Change	Key point
<b>EBITDA</b>	<b>351</b>	<b>269</b>	<b>-82</b>	
<b>D&amp;A, Write Downs and Provisions</b>	<b>-91</b>	<b>-118</b>	<b>-27</b>	<i>Gissi, E.ON acquisition</i>
<b>Financial charges</b>	<b>-59</b>	<b>-38</b>	<b>+21</b>	<i>24 M€ Fiscal Moratorium 96-99</i>
<b>Derivatives/others</b>	<b>-5</b>	<b>-18</b>	<b>-13</b>	
<b>Associates and JV and others</b>	<b>+12</b>	<b>+21</b>	<b>+9</b>	<i>TdE, EPCG, Edipower and others</i>
<b>Others</b>	<b>-40</b>		<b>+40</b>	<i>Fiscal Moratorium (AEM and ASM 96-99)</i>
<b>EBT</b>	<b>168</b>	<b>116</b>	<b>-52</b>	

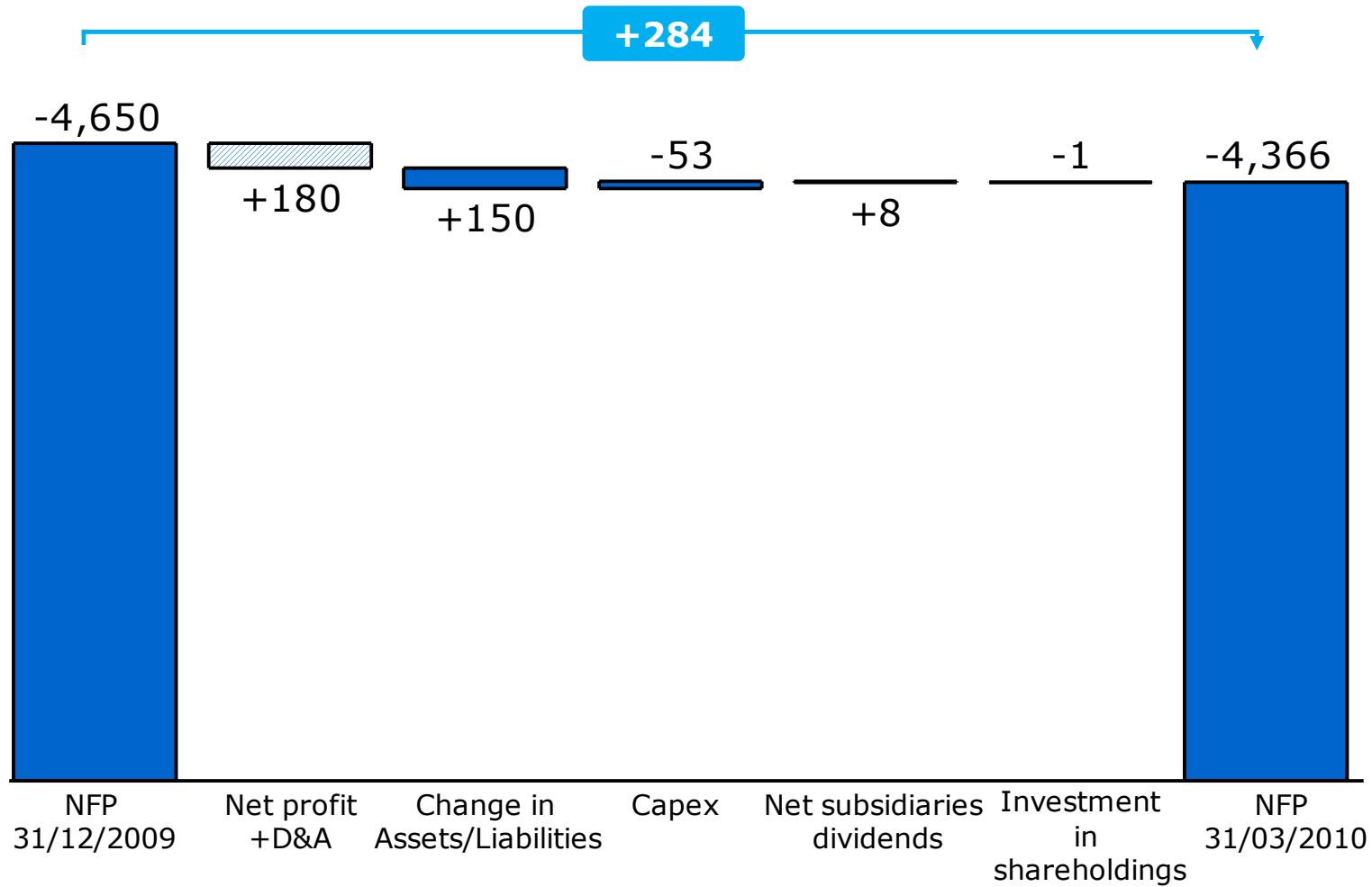
# Q12010 - From EBITDA to Net Income (2/2)

€M data	Q1 2009	Q1 2010	Change	Key point
<b>EBT</b>	<b>168</b>	<b>116</b>	<b>-52</b>	
<b>TAXES</b>	<b>-70</b>	<b>-37</b>	<b>+33</b>	
<b>IFRS 5</b>	<b>1</b>	<b>1</b>	<b>-</b>	
<b>MINORITIES</b>	<b>-7</b>	<b>-9</b>	<b>-2</b>	<i>TdE and Plurigas</i>
<b>NET INCOME</b>	<b>92</b>	<b>71</b>	<b>-21</b>	
<b>NET INCOME ADJUSTED*</b>	<b>148*</b>	<b>71</b>	<b>-77</b>	

\* Adjusted for "Fiscal Moratorium"

# Q12010 - Net Debt and Cash Flow

€M data

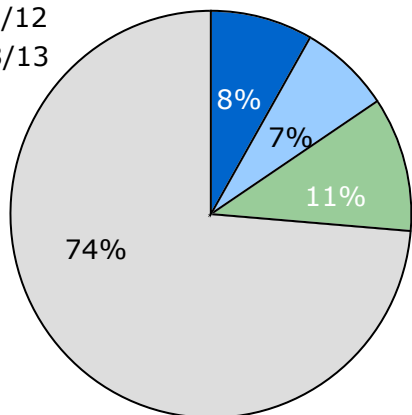


# Q12010 - Group Financial structure

## Total debt - Maturity

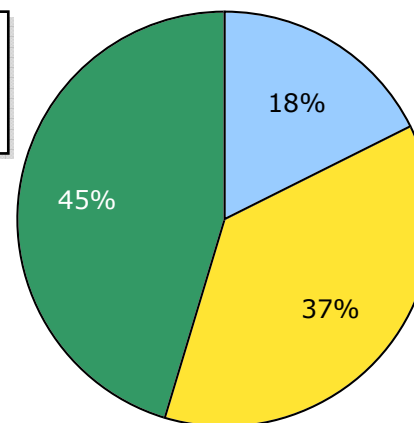
### DEBT MATURITY

- <31/03/2011
- 01/04/11-31/03/12
- 01/04/12-31/03/13
- >31/03/2013



### DEBT BREAKDOWN BY INTEREST

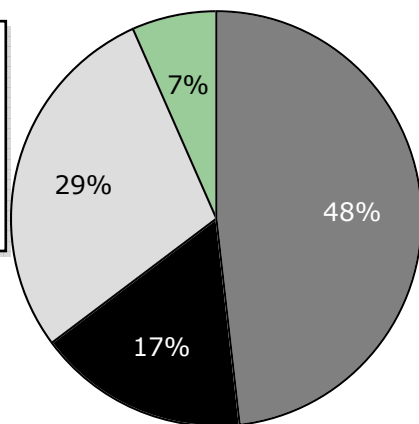
- Swap
- Variable
- Fixed



**TOTAL DEBT: 4.5 €B - AVG. MATURITY: 4.6 YEARS – UNDRAWN LINES: 1.9 €B – Q1 2010 AVG. RATE 2.80%**

### DEBT BREAKDOWN

- Uncommitted Lines & Other
- Committed Lines
- Loans
- Bond



### COMPANY'S CREDIT RATING



**STANDARD & POOR'S**

**BBB+ / A-2**  
**Watch Negative**



**A3**  
**Stable Outlook**

# Q12010 - Scope of consolidation

	<u>Q1 2010</u>			<u>Q1 2009</u>		
	<b>CONSOLIDATED ON .. BASIS</b>	<b>INCOME STATEMENT</b>	<b>NET RESULT</b>	<b>CONSOLIDATED ON .. BASIS</b>	<b>INCOME STATEMENT</b>	<b>NET RESULT</b>
<b>A2A subsidiaries</b>	<i>Line by line</i>	<i>100%</i>	<i>100%</i>	<i>Line by line</i>	<i>100%</i>	<i>100%</i>
<b>Alpiq <sup>(1)</sup></b>		<i>IFRS 5</i>		<i>Available for sale</i>		
<b>A2A Produzione <sup>(2)</sup></b>	<i>Line by Line</i>	<i>100%</i>	<i>100%</i>	-	-	-
<b>EPCG</b>	<i>Equity</i>	<i>43.7%</i>	<i>43.7%</i>	-	-	-

(1) Shareholding equal to 5.16%

(2) Operating from 1st July 2009