A2A - Q1 2008 Results

Conference call

Milan, May 15th 2008

a2a

Agenda

- New accounting policy
- Q1 2008 Results
- Segment Analysis

New accounting policy

WHEN	Q1 2008
HOW	equity method applied to all JV's, in accordance with IAS 8 and IAS 31
WHY	focus on business directly managed by the Group different approach by IASB in the *Exposure Draft* n. 9 ("*Joint Arrangement*")* and convergence to USGAAP

* *Most probably to be issued in 2009*

Change in accounting policy and Scope of consolidation

	New accounting policy						Previous accounting policy		
	Q1 2008- Q1 2007 Pro-forma			Q1 2007 restated			Q1 2007*		
	CONSOLIDATED ON.. BASIS	INCOME STATEMENT	NET RESULT	CONSOLIDATED ON.. BASIS	INCOME STATEMENT	NET RESULT	CONSOLIDATED ON.. BASIS	INCOME STATEMENT	NET RESULT
A2A subsidiaries	*Line by line*	*100%*	*100%*						
AEM subsidiaries**				*Line by line*	*100%*	*100%*	*Line by line*	*100%*	*100%*
Ecodeco	*Line by line*	*100%*	*100%***	*Line by line*	*100%*	*30%*	*Line by line*	*100%*	*30%*
Plurigas	*Line by line*	*100%*	*70%*	*Equity*	-	*40%*	*Proportional*	*40%*	*40%*
Edipower	*Equity*	-	*20%*	*Equity*	-	*20%*	*Proportional*	*20%*	*20%*
Ergon Energia***	*Equity*	-	*50%*						
Delmi	*Line by line*	*100%*	*51%*	*Line by line*	*100%*	*51%*	*Line by line*	*100%*	*51%*
TdE	*Equity*	-	*25.5%*	*Equity*	-	*25.5%*	*Proportional*	*50%*	*25.5%*
Edison	*Equity*	-	*15.3%***	*Equity*	-	*16.2%*	*Proportional*	*50%*	*16.2%*

* ISSUED ON MAY 15th, 2007
** PERCENTAGE IN "Q1 2007 PRO FORMA" ARE AS PER "Q1 RESTATED"
*** ERGON PROPORTIONALLY CONSOLIDATED BY ASM IN 2007

CHANGE IN ACCOUNTING POLICY

CHANGE IN SCOPE OF CONSOLIDATION OR PERCENTAGE

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A2A –Main financial highlights

€M data	Q1 2007 Pro-forma	Q1 2008	Change	Change %	Q1 2007 Restated
NET SALES	**1,537**	**1,665**	**+128**	**+8.3%**	**723**
EBITDA	**316**	**317**	**+1**	**+0.3%**	**158**
EBIT	**241**	**233**	**-8**	**-3.3%**	**118**
NET INCOME	**146**	**143**	**-3**	**-2.0%**	**64**

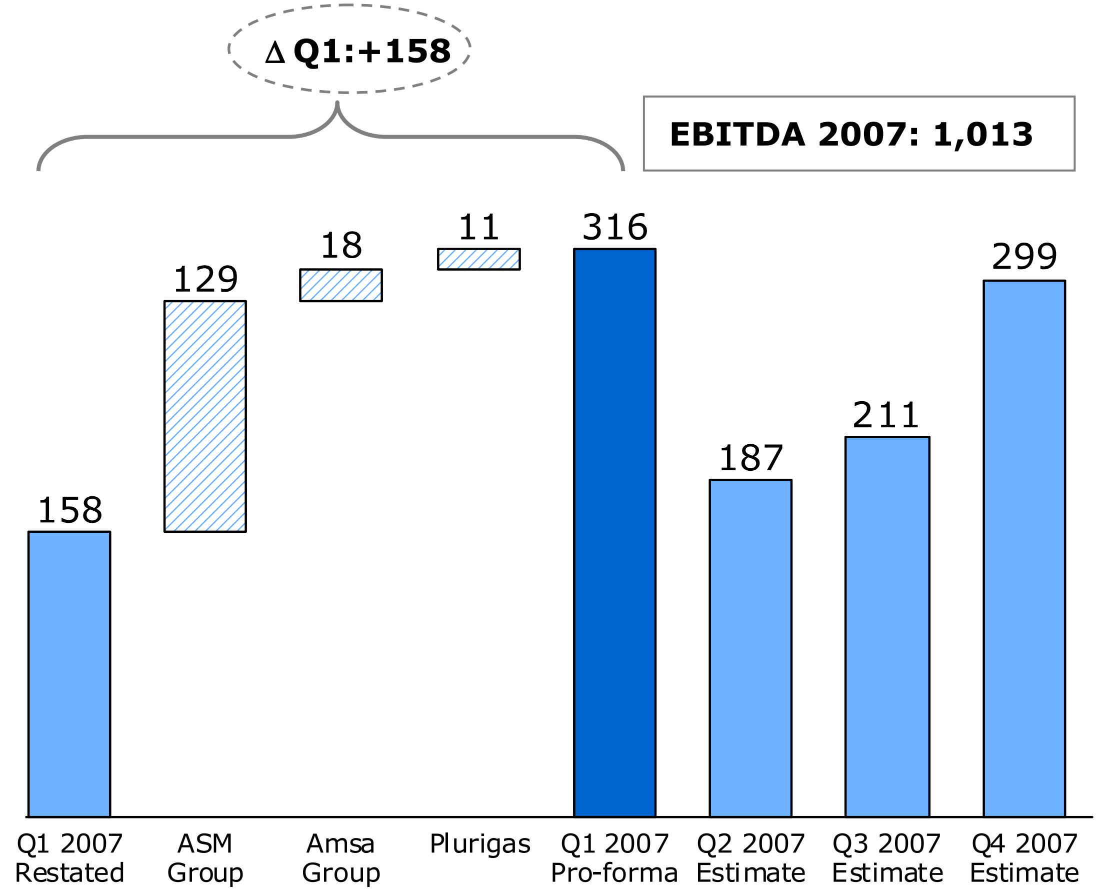
	end 2007 Pro-forma*	Q1 2008	Change	end 2007 Restated
NET CAPITAL EMPLOYED	**8,054**	**7,949**	**-105**	**5,148**
NFP	**(3,349)**	**(3,088)**	**-261**	**(2,094)**
EQUITY	**4,705**	**4,861**	**+156**	**3,054**
NFP/EQUITY	**0.71x**	**0.64x**		**0.69x**

*including €M85 extraordinary dividends

A2A – Focus on 2007 Pro-forma EBITDA

€M data

Q1 EBITDA Restated	**158**
Change	**158**
Q1 EBITDA Pro-forma	**316**

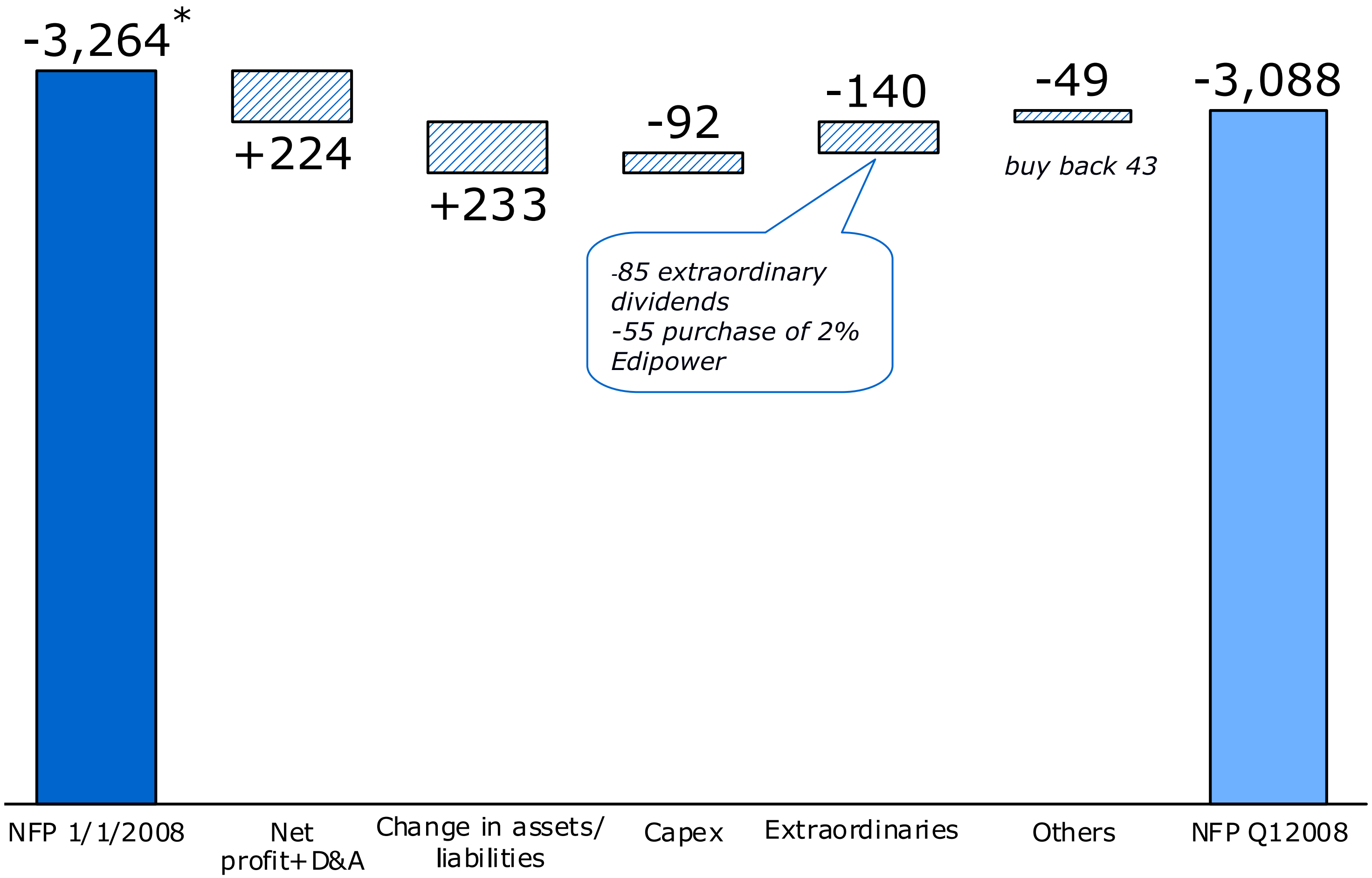


A2A –From Ebitda to Net Income

€M data	Q1 2007 Pro-forma	Q1 2008	Change	Key point	Q1 2007 Restated
EBITDA	**316**	**317**	**+1**		**158**
D&A, Writedowns and Provisions	**-75**	**-84**	**-9**	***Amort. Hydro***	**-40**
EBIT	**241**	**233**	**-8**		**118**
Financial charges	**-38**	**-44**	**-6**	***Debt***	**-26**
Associates and JV and others	**+43**	**+26**	**-17**		**+22**
TAXES	**-84**	**-66**	**+18**	***Tax rates***	**-36**
MINORITIES	**-16**	**-6**	**+10**		**-14**
NET INCOME	**146**	**143**	**-3**		**64**

A2A –Net Debt and Cash Flow

€M data



* Excluding €M85 extraordinary dividends

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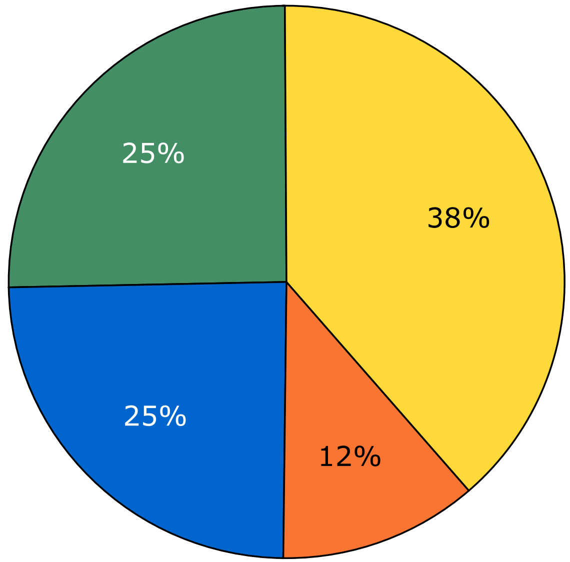
2007-2008 Pro-forma EBITDA breakdown

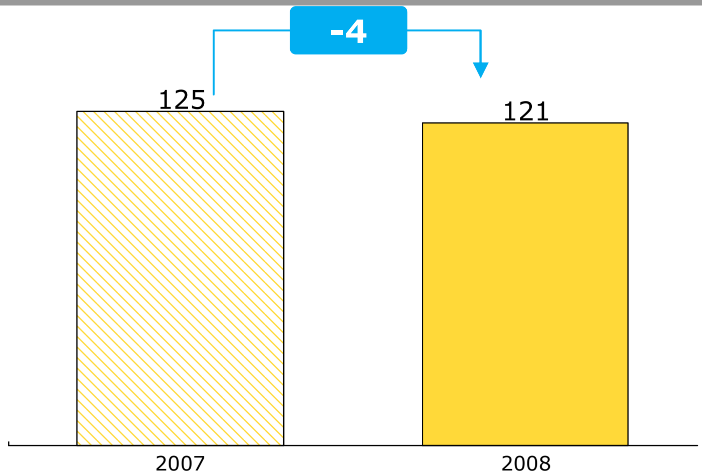
€M data	EBITDA Q1 2007	EBITDA Q1 2008	Δ
ENERGY	125	121	-4
DISTRICT HEATING	32	38	+6
WASTE	83	80	-3
NETWORKS	77	78	+1
CORPORATE & OTHER SERVICES	-1	0	+1
TOTAL	316	317	+1

EBITDA BREAKDOWN Q1 2008



Q1 2007-2008 Results - Energy

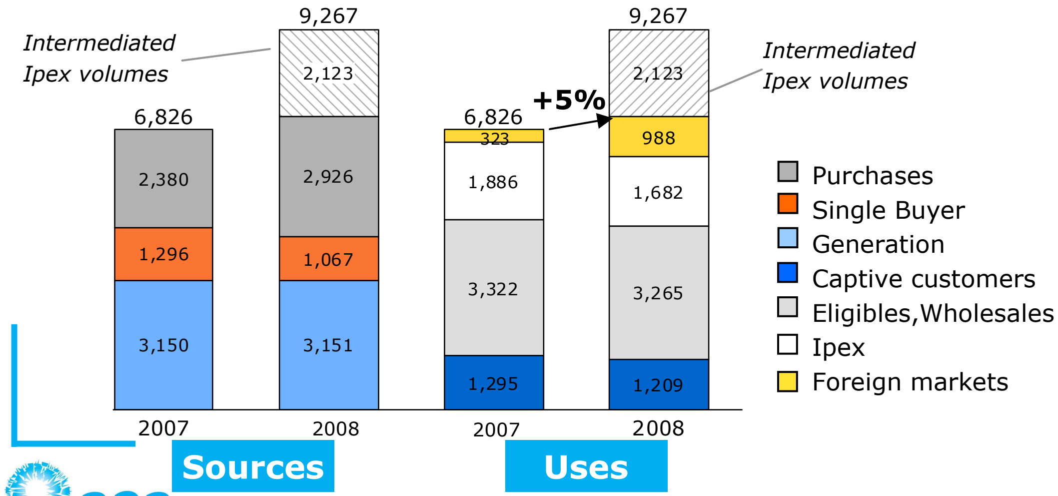
EBITDA (€M)



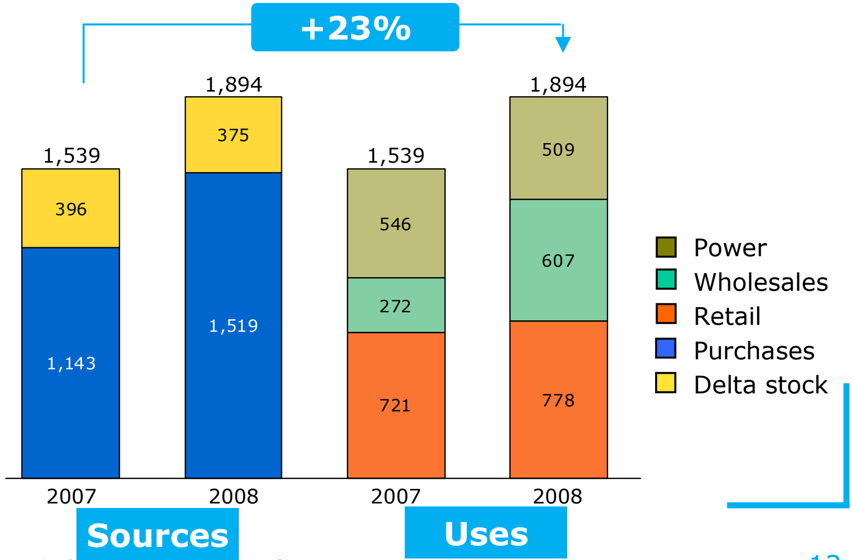
SCENARIO

Electricity		Q1 2007	Q1 2008	Δ%
Brent	$/bbl	58.64	96.46	64%
€/$	€/$	1.31	1.50	15%
Brent €	€/bbl	44.73	64.28	44%
PUN BL	€/MWh	69.19	80.76	17%
PUN Peak	€/MWh	102.56	104.11	2%
Spark Spread CCGT	€/MWh	16.89	20.75	23%
Spark Spread CCGT vs Peakload	€/MWh	50.26	44.10	-12%
Spark Spread CCGT- CCGT Environment costs	€/MWh	12.97	16.57	28%

ELECTRICITY (GWh)

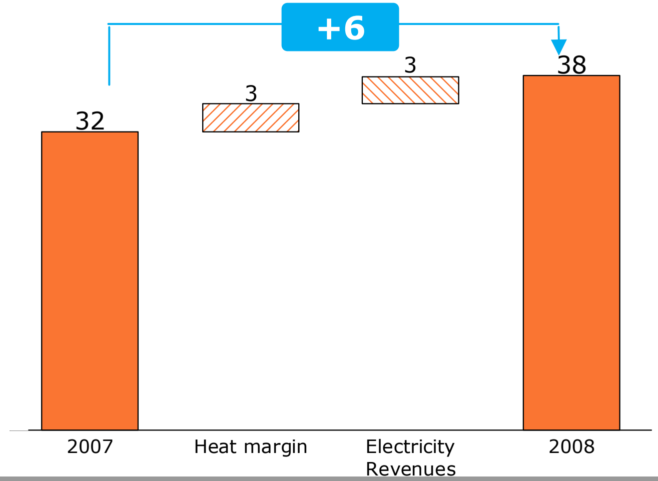


GAS (Mmc)



Q1 2007-2008 Results – District heating

EBITDA (€M)



KEY FACTS

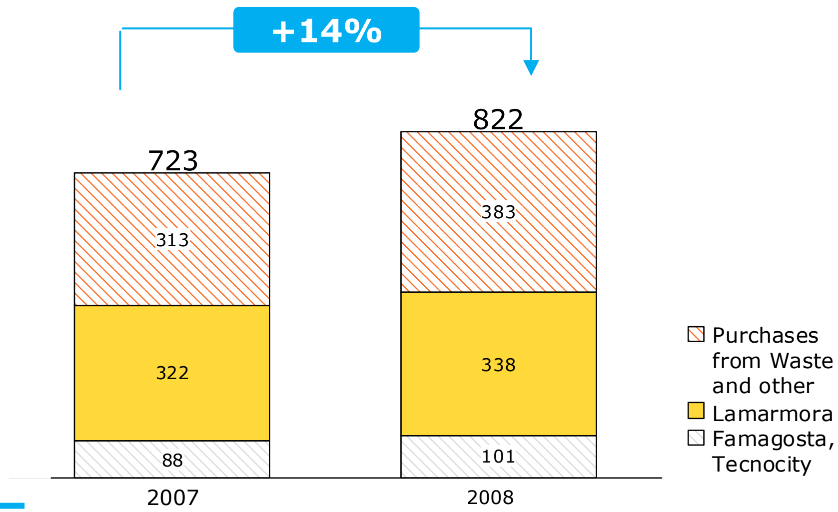
✓ **Heat margins**

Positive impact on EBITDA due to the increase in heat sales compared to the same period of 2007, characterized by an exceptionally mild weather

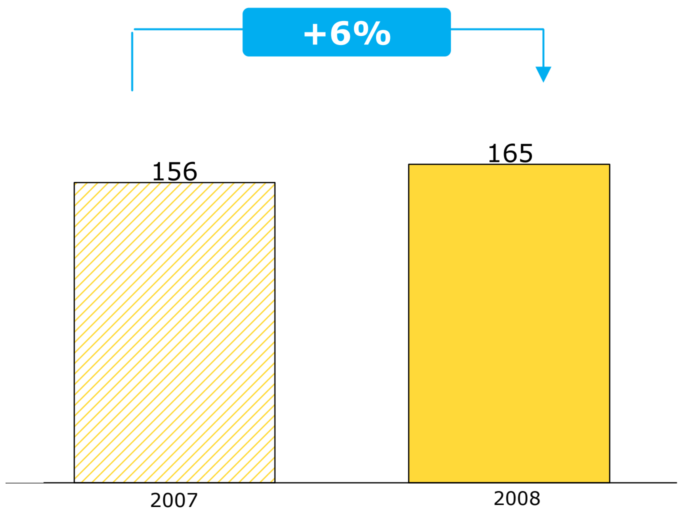
✓ **Electricity**

Increasing margin due to the positive trend of IPEX prices

HEAT VOLUMES (GWh)

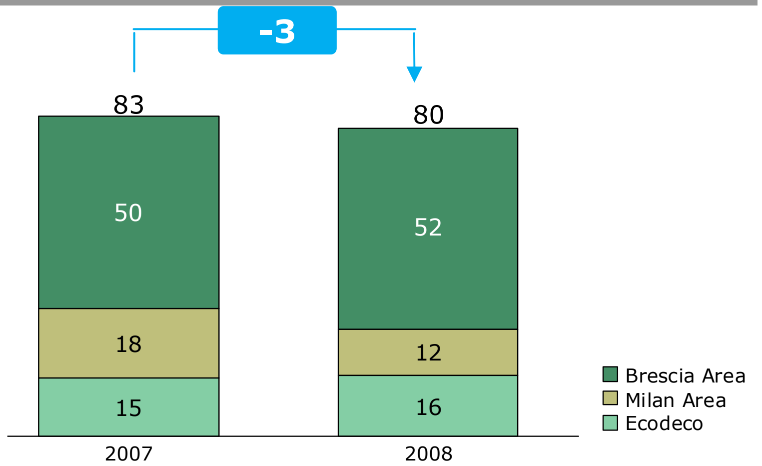


ELECTRICITY (GWh)



Q1 2006-2007 Results - Waste

EBITDA (€M)

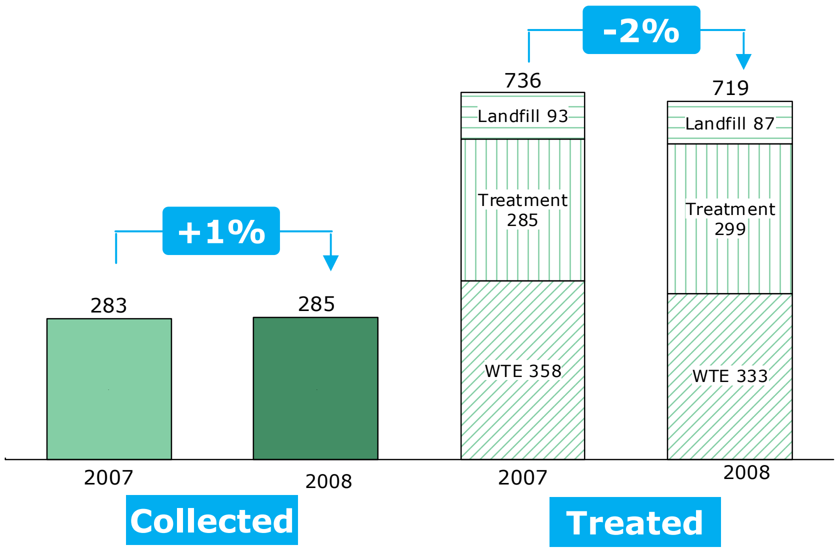


KEY FACTS

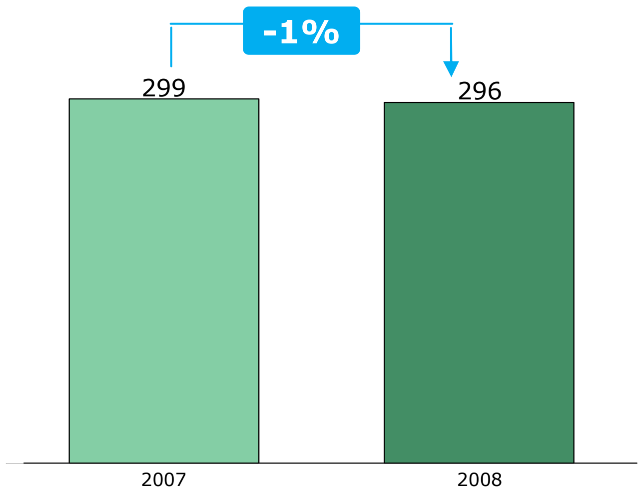
Waste:

- **Ecodeco**: positive performance of MSW* sector due to additional landfill capacity in Northern Italy and increasing sludge prices partially offset by negative impact of special waste (e.g. eternit volumes)
- **Brescia**: increase in electricity and heat production of WTE plant partially offset by lower volumes disposed in Montichiari landfill due to limited residual capacity
- **Milan**: lower margin due to scheduled plant stop for DENOX system installation, partially offset by positive impact of contract revision with the Municipality of Milan

WASTE VOLUMES (Kton)



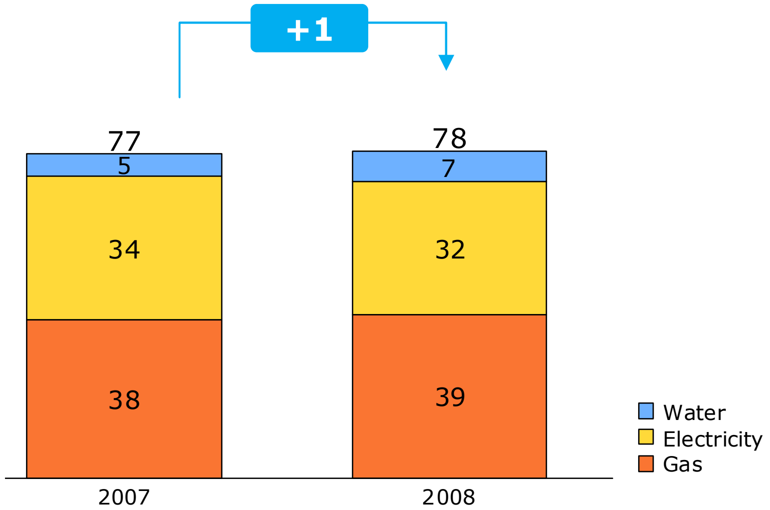
ELECTRICITY PRODUCTION (GWh)



*municipal solid waste

Q1 2006-2007 Results - Networks

EBITDA (€M)



KEY FACTS

✓ **Electricity: -2 €M**

Negative impact on EBITDA due to the application of deliberation n. 348/07

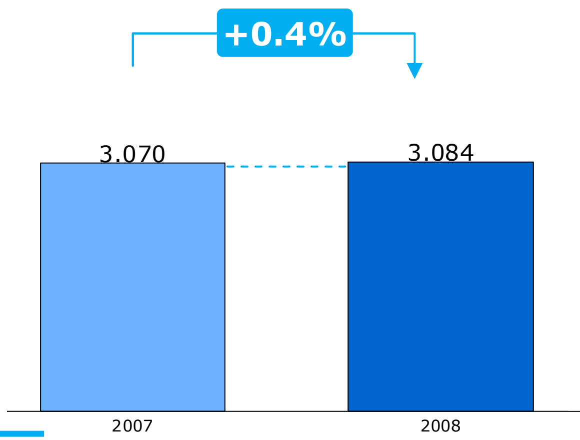
✓ **Gas: +1 €M**

Positive impact on EBITDA due to the increase in gas volumes compared to the same period of 2007, characterized by an exceptionally mild weather

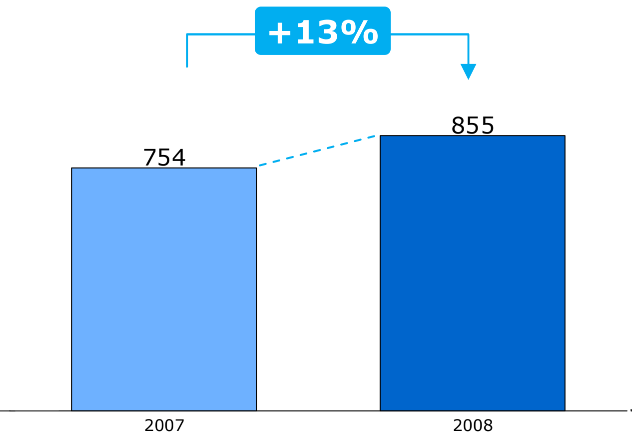
✓ **Water: +2 €M**

Increasing volumes. Tariff rise following ATO's decision

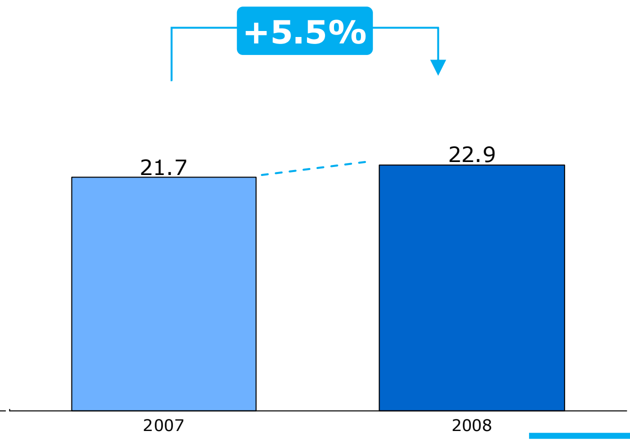
ELECTRICITY (GWh)



GAS DISTRIBUTED (Mcm)



WATER (Mcm)



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