



# **A2A**

## First Nine Months 2009 Results

Milan, November 12th 2009



# Agenda

- 9m2009 Main financial highlights
- EBITDA Segment Analysis
- From EBITDA to Net Income
- Net debt and Cash Flow
- Scope of consolidation
  
- Q&A Session

# 9m2009 – Main financial highlights

| €M data                     | 9m2008       | 9m2009       | Change      | Change %      |
|-----------------------------|--------------|--------------|-------------|---------------|
| <b>NET SALES</b>            | <b>4,363</b> | <b>4,304</b> | <b>-59</b>  | <b>-1.4%</b>  |
| <b>EBITDA</b>               | <b>797</b>   | <b>754</b>   | <b>-43</b>  | <b>-5.4%</b>  |
| <b>EBIT</b>                 | <b>537</b>   | <b>475</b>   | <b>-62</b>  | <b>-11.5%</b> |
| <b>NET INCOME</b>           | <b>238</b>   | <b>2</b>     | <b>-236</b> | <b>-99.2%</b> |
| <b>NET INCOME ADJUSTED*</b> | <b>238</b>   | <b>246*</b>  | <b>+8</b>   | <b>+3.4%</b>  |

The variation includes:

- the **expiry of Cip6** incentive for Brescia WTE plant (-55 €M)
- Previous years **specific company equalization** (-35 €M)

|                             | end 2008       | 9m2009         | Change      |
|-----------------------------|----------------|----------------|-------------|
| <b>NET CAPITAL EMPLOYED</b> | <b>8,206</b>   | <b>8,877</b>   | <b>+671</b> |
| <b>NFP</b>                  | <b>(3,484)</b> | <b>(4,358)</b> | <b>+874</b> |
| <b>EQUITY</b>               | <b>4,722</b>   | <b>4,519</b>   | <b>-203</b> |
| <b>NFP/EQUITY</b>           | <b>0.74x</b>   | <b>0.96x</b>   |             |

Includes:

- the **purchase of EPCG shares** (438 €M)
- E.ON **power assets impact** (206 €M)
- **Dividends** (301 €M)

# 9m2009 EBITDA breakdown

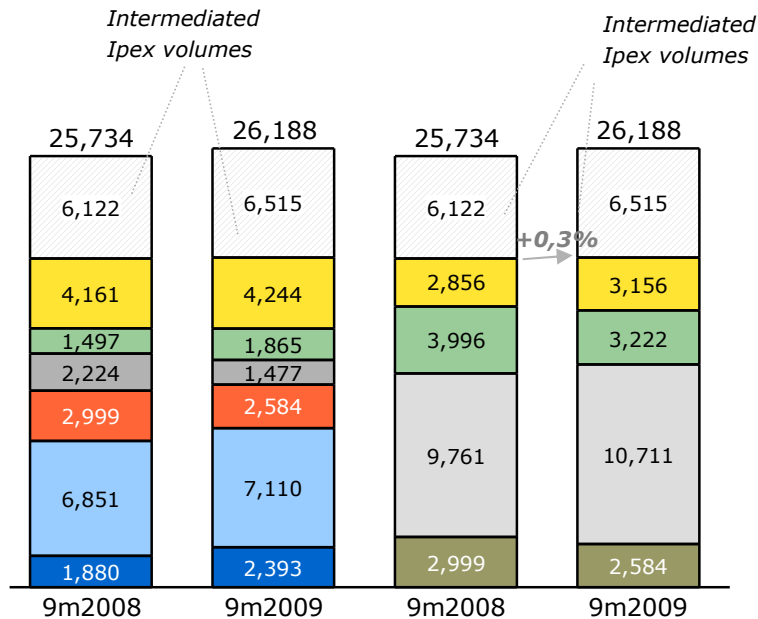
| €M data                                  | EBITDA 9m2008 | EBITDA 9m2009 | Δ Vs 2008  | EBITDA BREAKDOWN  |
|--|---------------|---------------|------------|---|
| <b>ENERGY</b>                            | 333           | 386           | +53        | <p><b>2009</b></p> <ul style="list-style-type: none"> <li>Energy 50%</li> <li>Waste 23%</li> <li>Networks 22%</li> <li>Cogeneration and District Heating 5%</li> </ul> <p><b>2008</b></p> <ul style="list-style-type: none"> <li>Energy 41%</li> <li>Waste 31%</li> <li>Networks 25%</li> <li>Cogeneration and District Heating 3%</li> </ul> |
| <b>COGENERATION AND DISTRICT HEATING</b> | 27            | 41            | +14        |   |
| <b>WASTE</b>                             | 251           | 173           | -78        |   |
| <b>NETWORKS</b>                          | 203           | 170           | -33        |   |
| <b>OTHER SERVICES &amp; CORPORATE</b>    | -17           | -16           | +1         |   |
| <b>TOTAL</b>                             | <b>797</b>    | <b>754</b>    | <b>-43</b> |   |

Note: 2008 data pro-forma



# 9m2009 Results - Energy/Electricity (1/2)

## VOLUMES (GWh)



### Sources

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

### Uses

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

Note: 2008 data reclassified

## GREEN CERTIFICATES POSITION

| MWh                     | 9m2009        |
|-------------------------|---------------|
| A2A Group Availability  | 419,584       |
| A2A Group needs         | -324,199      |
| <b>A2A Net position</b> | <b>95,385</b> |

## CO2 POSITION

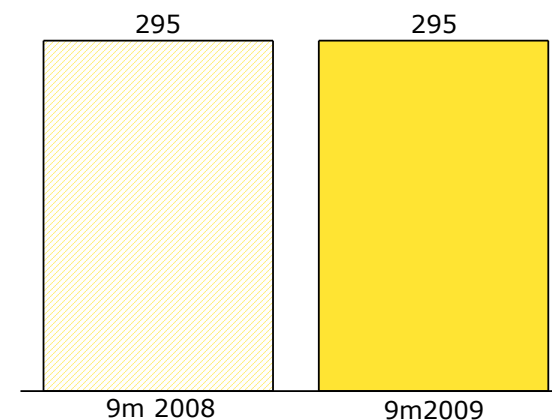
| Kton                                 | Total NAP<br>9m2009 | CO2 Emissions<br>9m2009 |
|--------------------------------------|---------------------|-------------------------|
| Energy                               | 4,359               | 3,594                   |
| Cogeneration and<br>District Heating | 413                 | 336                     |
| Waste                                | 96                  | 94                      |
| <b>Total</b>                         | <b>4,868</b>        | <b>4,024</b>            |

# 9m2009 Results - Energy/Electricity (2/2)

## SCENARIO

## EBITDA (€M)

| Average data                                  |        | 9m2008  | 9m2009  | Var % |
|---|--------|---------|---------|-------|
| <b>Brent</b>                                  | \$/bbl | 112.11  | 58.20   | -48%  |
| <b>CO2 System average cost</b>                | €/Tonn | 23.85   | 13.21   | -45%  |
| <b>Green Certificates System average cost</b> | €/MWh  | 87.18   | 83.86   | -4%   |
| <b>€/€</b>                                    | €/€    | 1.52    | 1.36    | -10%  |
| <b>Brent €</b>                                | €/bbl  | 73.52   | 42.40   | -42%  |
| <b>PUN BL</b>                                 | €/MWh  | 85.77   | 66.25   | -23%  |
| <b>PUN Peak</b>                               | €/MWh  | 111.82  | 85.59   | -23%  |
| <b>PUN Off-Peak</b>                           | €/MWh  | 71.11   | 55.48   | -22%  |
| <b>CCGT</b>                                   | €/MWh  | 62.38   | 53.03   | -15%  |
| <b>Spark Spread CCGT</b>                      | €/MWh  | 23.39   | 13.22   | -43%  |
| <b>Spark Spread CCGT vs Peakload</b>          | €/MWh  | 49.43   | 32.56   | -34%  |
| <b>Spark Spread CCGT vs Off-Peak</b>          | €/MWh  | 8.72    | 2.45    | -72%  |
| <b>Spark Spread CCGT- Environmental Costs</b> | €/MWh  | 19.77   | 10.46   | -47%  |
| <b>Italian electricity demand</b>             | GWh    | 256,887 | 237,749 | -7%   |
| <b>Net Import</b>                             | GWh    | 32,340  | 35,884  | 11%   |



## POSITIVE KEY FACTS

- Increase in hydroelectric production
- Positive impact from environmental markets
- Increase in margin and volumes traded on foreign markets

## NEGATIVE KEY FACTS

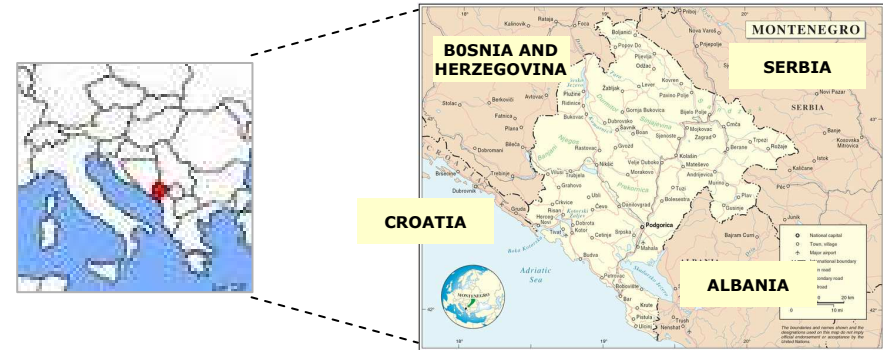
- Strong contraction of demand and prices
- Overcapacity and higher import

# Electricity - Recent developments: EPCG industrial partnership

## MAIN FACT

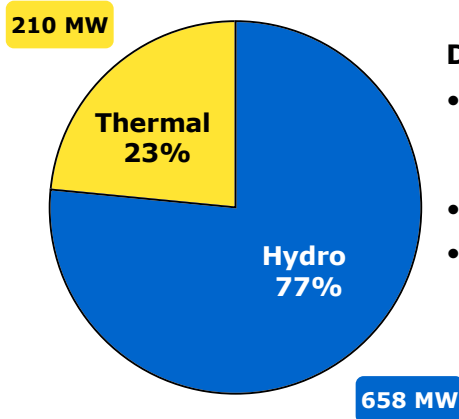
- With the acquisition of **43.7%** of Elektroprivreda Crne Gore (**EPCG**) A2A has become a strategic industrial partner of the largest electricity player in the **Republic of Montenegro**
- **EPCG** operates in **electricity generation** (3 main plants and 7 "small hydro"), **transmission, distribution** (19,000 km), and **sale of electricity** (more than 320,000 clients)
- Through the partnership with EPCG, A2A will consolidate its **positioning in the renewable energy** production and increasing its imports from Montenegro, in order to develop power production and distribution in the entire Balkan region
- Planned investments and possible strategic **upsides in network and hydro generation**

## POSITIONING AND ELECTRIC INTERCONNECTIONS



- Montenegro is in the **South Eastern European region, interconnected with confining countries**, and with agreement for the foreseen Italy-Montenegro undersea cable connection (2013)

## GENERATION ASSET BASE

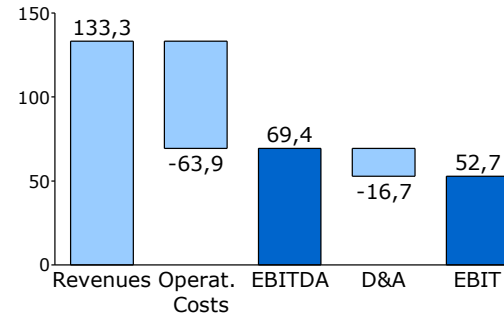


### Diversified generation plants:

- Hydro power plant "Perucica" with seven small scale hydro power plants
- Hydro power plant "Piva"
- Thermal power plant "Pljevlja"

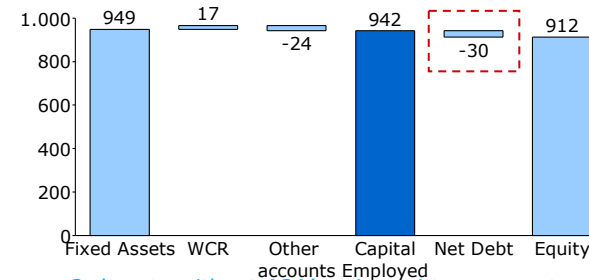
## ECONOMIC AND FINANCIAL HIGHLIGHTS

### ECONOMICS (M€; 1H2009)



- In the first 2009 half **~M€ 133 of revenues** (including transmission) and **~M€ 70 of EBITDA**

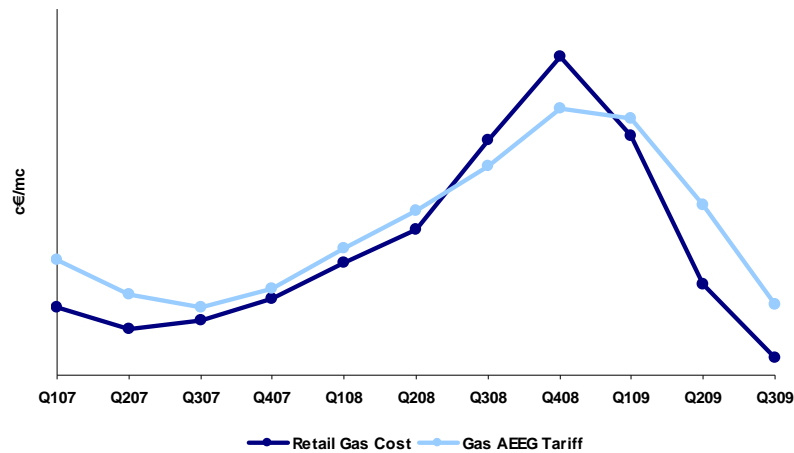
### BALANCE SHEET (M€; 2008A)



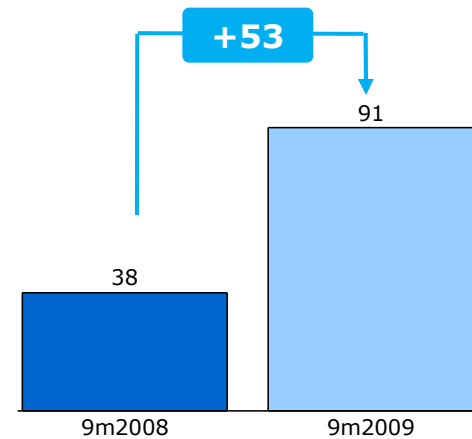
- **M€ 942 of Net Capital Employed**
- **D/E is ~3%** (EPCG almost debt free)
- Figures not "pro-forma" for **transmission BU spin-off**

# 9m2009 Results - Energy/Gas

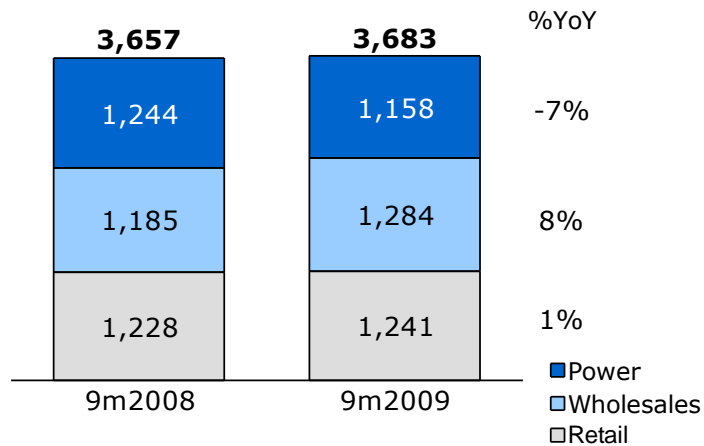
## SCENARIO



## EBITDA (€M)



## VOLUMES (Mcm)

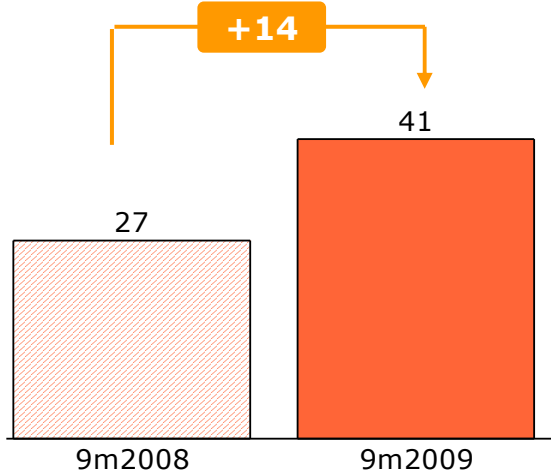


## KEY FACTS

- Increasing profitability due to the impact of scenario on indexation formulas
- Positive impact on the third quarter due to the effect of AEEG deliberation n. 64/09 aimed at increasing the fixed amount of the gas selling prices covering the commercial costs

# 9m2009 Results - Cogeneration and District heating

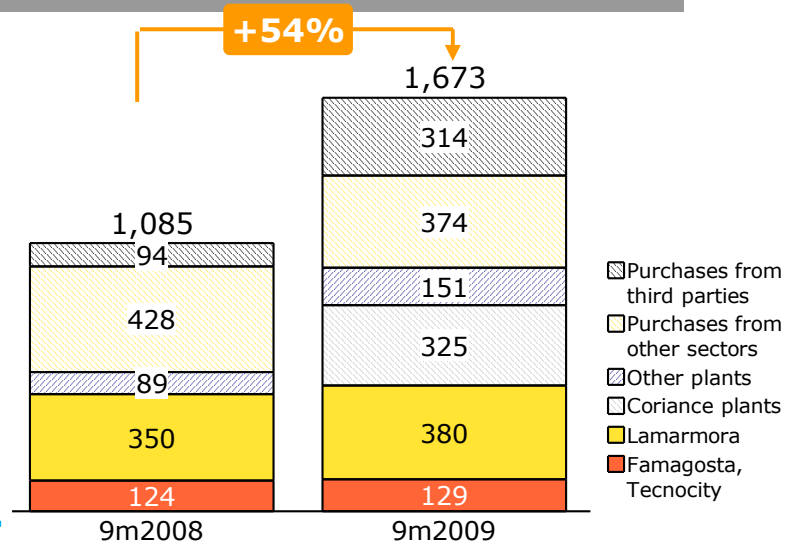
## EBITDA (€M)



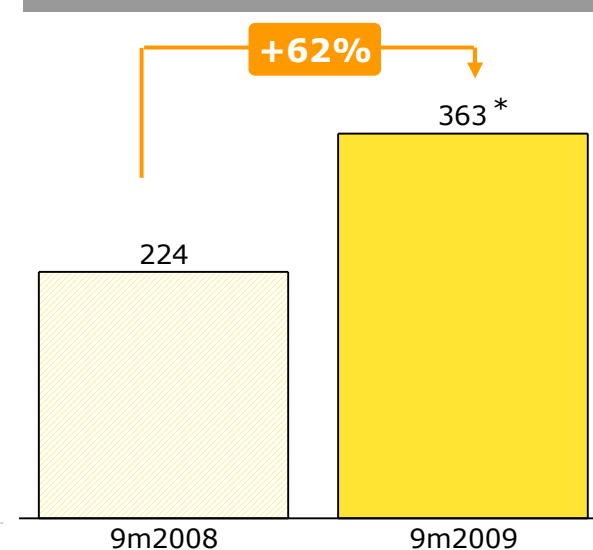
## KEY FACTS

- Coriance and Aspem consolidation

## HEAT VOLUMES (GWht)



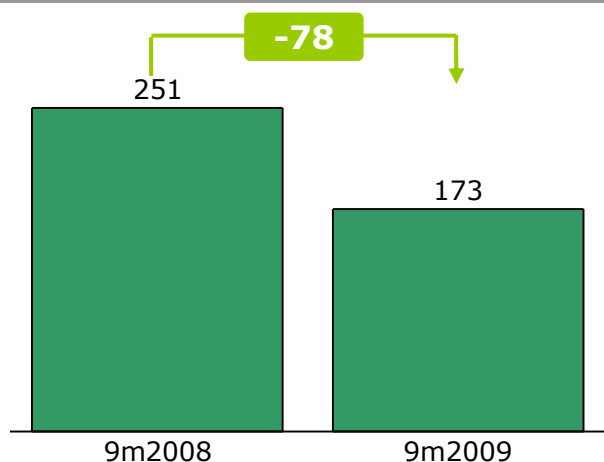
## ELECTRICITY (GWh)



\* of which 163 GWh related to Coriance and 7 GWh related to Aspem

# 9m2009 Results - Waste

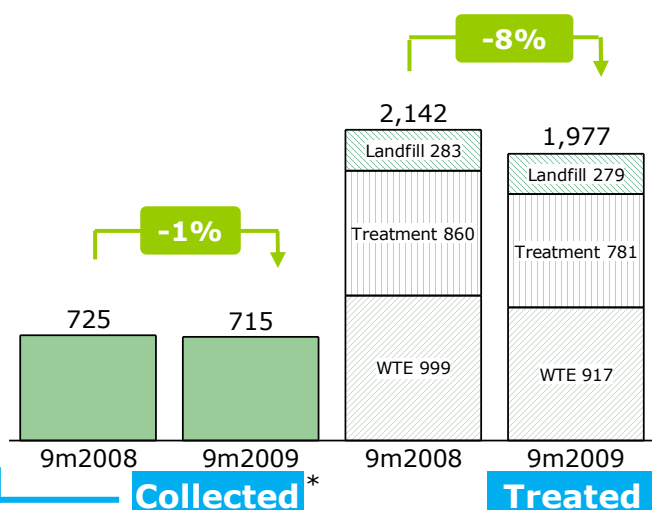
## EBITDA (€M)



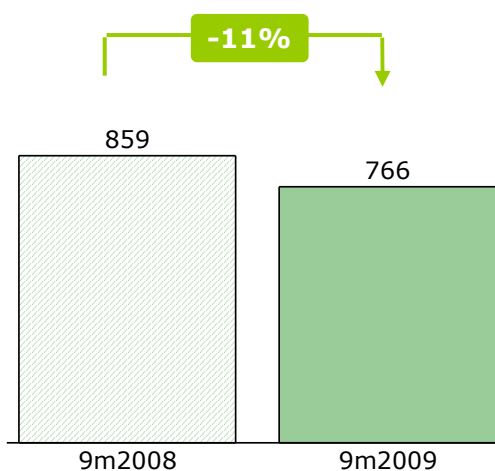
## KEY FACTS

- Negative impact on EBITDA due to:**
- expiry of Cip6 incentive for Brescia WTE plant;
  - Brescia WTE stop for extraordinary maintenance;
  - reduction of industrial and municipal solid waste disposal,
- partially offset by:**
- margin increase of Silla plant, stopped during the same period of 2008 for Denox system installation;
  - Aspem and Partenope Ambiente consolidation.

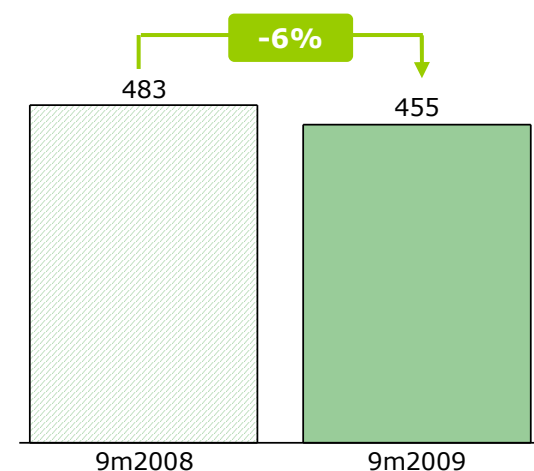
## WASTE VOLUMES (Kton)



## ELECTRICITY (GWh)

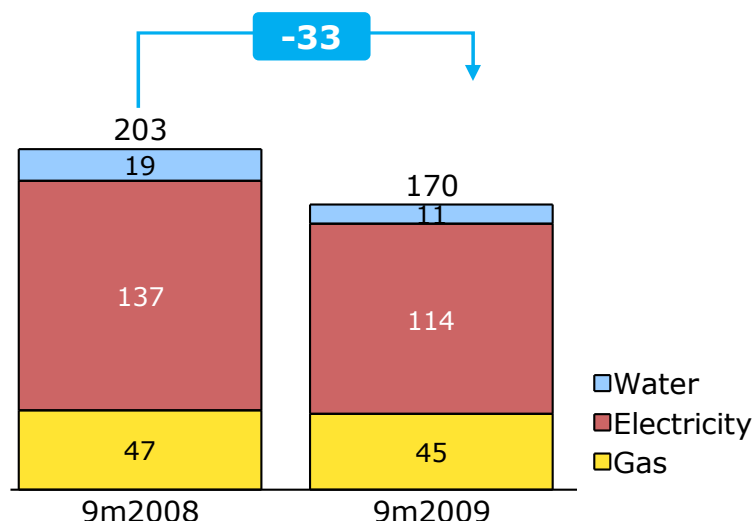


## HEAT PRODUCTION (GWht)



# 9m2009 Results - Networks

## EBITDA (€M)



## KEY FACTS

### Electricity: -23 €M

Lower profitability due to the specific company equalisation related to the distribution network recorded in 2008, covering the 2004-2007 period

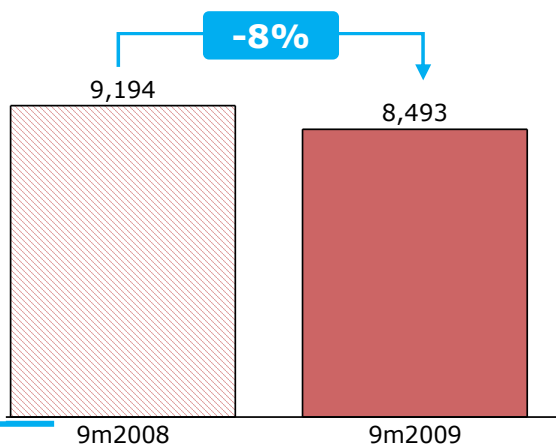
### Gas: -2 €M

Negative impact on EBITDA due to connection fees decrease partially offset by Aspem consolidation

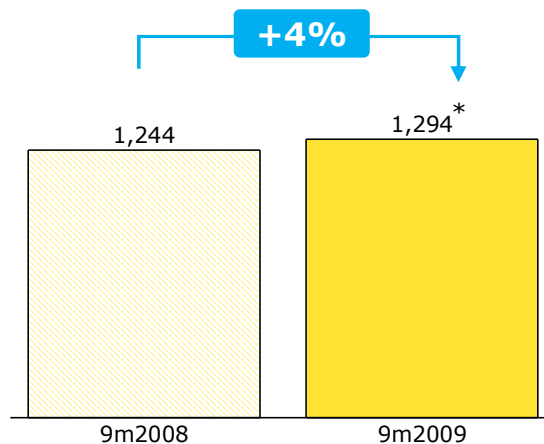
### Water: -8 €M

Negative impact on EBITDA due to connection fees decrease following ATO decisions partially offset by perimeter expansion.

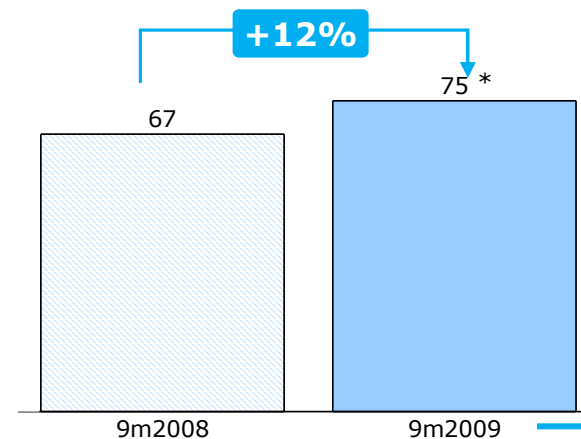
## ELECTRICITY (GWh)



## GAS DISTRIBUTED (Mmc)



## WATER (Mmc)



# 9m2009 - From EBITDA to Net Income (1/2)

| €M data                                    | 9m2008      | 9m2009      | Change      | Key point   |
|--|-------------|-------------|-------------|---|
| <b>EBITDA</b>                              | <b>797</b>  | <b>754</b>  | <b>-43</b>  |   |
| <b>D&amp;A, Write Downs and Provisions</b> | <b>-260</b> | <b>-279</b> | <b>-19</b>  | <i>Gissi, E.ON acquisition, Change in perimeter, Lower provisions</i>         |
| <b>Financial charges</b>                   | <b>-131</b> | <b>-210</b> | <b>-79</b>  | <i>Debt increase, interest rate reduction, 118 M€ Fiscal Moratorium 96-99</i> |
| <b>Derivatives/others</b>                  | <b>-12</b>  | <b>-33</b>  | <b>-21</b>  |   |
| <b>Associates and JV and others</b>        | <b>+29</b>  | <b>+56</b>  | <b>+27</b>  | <i>TdE, Edipower and others</i>   |
| <b>Others</b>                              | <b>+13</b>  | <b>-166</b> | <b>-179</b> | <i>Fiscal Moratorium (AEM and ASM 96-99)</i>                                  |
| <b>EBT</b>                                 | <b>436</b>  | <b>122</b>  | <b>-314</b> |   |

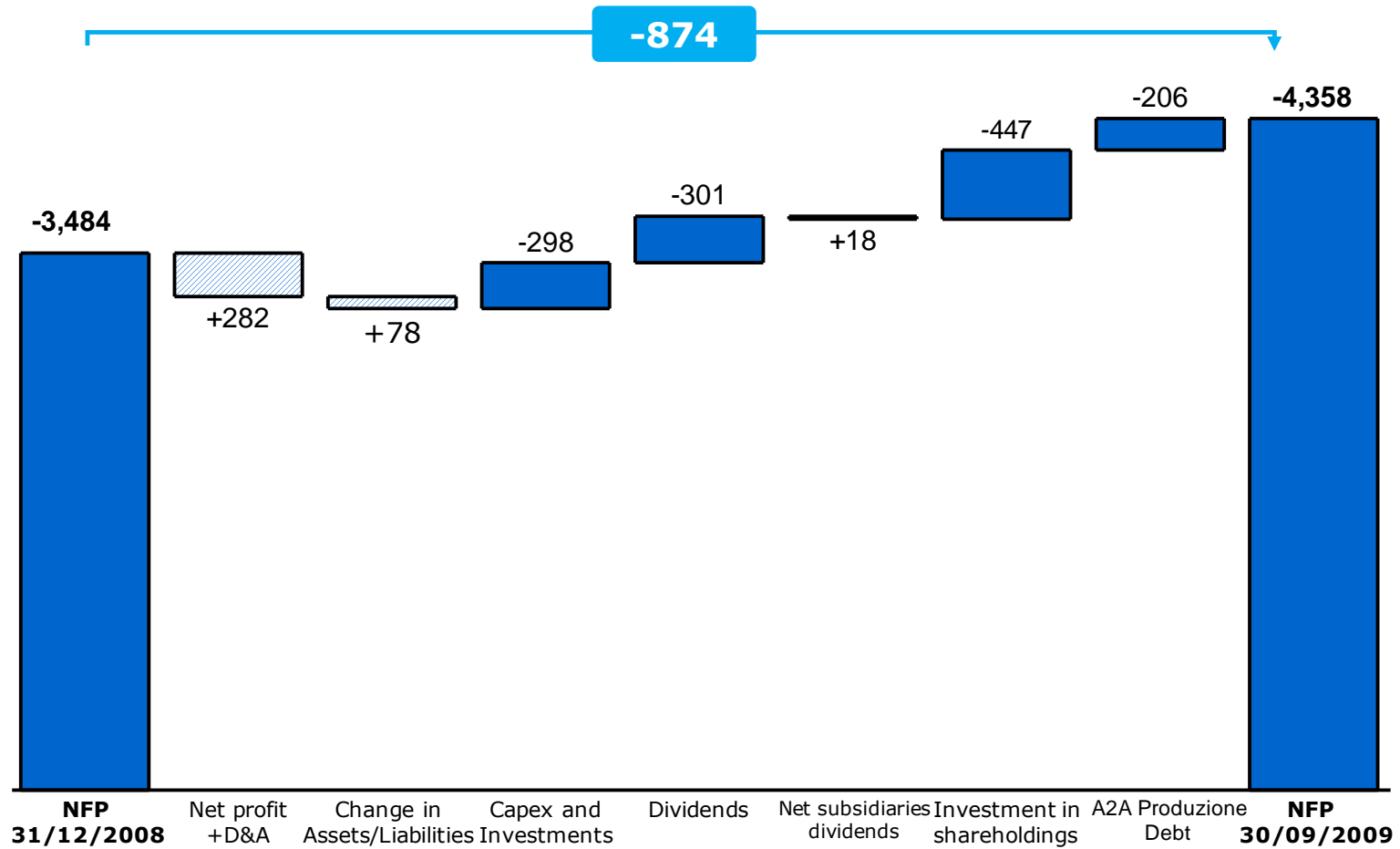
## 9m2009 - From EBITDA to Net Income (2/2)

| €M data                     | 9m2008      | 9m2009      | Change      | Key point               |
|-----------------------------|-------------|-------------|-------------|-------------------------|
| <b>EBT</b>                  | <b>436</b>  | <b>122</b>  | <b>-314</b> |                         |
| <b>TAXES</b>                | <b>-181</b> | <b>-103</b> | <b>+78</b>  |                         |
| <b>IFRS 5</b>               | <b>0</b>    | <b>7</b>    | <b>+7</b>   | <i>Alpiq dividend</i>   |
| <b>MINORITIES</b>           | <b>-17</b>  | <b>-24</b>  | <b>-7</b>   | <i>TdE and Plurigas</i> |
| <b>NET INCOME</b>           | <b>238</b>  | <b>2</b>    | <b>-236</b> |                         |
| <b>NET INCOME ADJUSTED*</b> | <b>238</b>  | <b>246*</b> | <b>+8</b>   |                         |

\* Adjusted for "Fiscal Moratorium"

# 9m2009 - Net Debt and Cash Flow

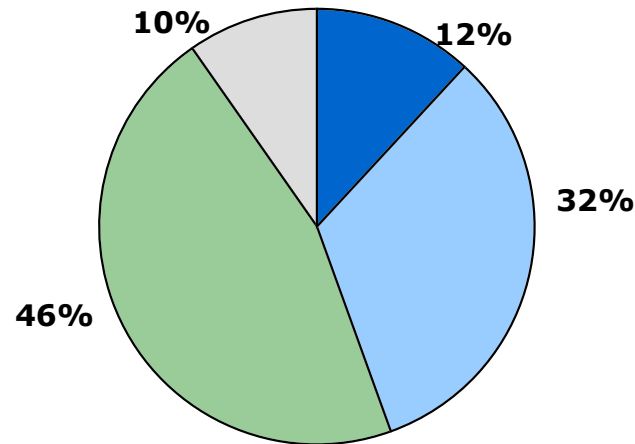
€M data



# 9m2009 - Gross debt and interest rate structure

## DEBT STRUCTURE

- <30/09/2010
- 01/10/10-30/09/12
- 01/10/12-30/09/14
- >30/09/2014



**Total debt: 4,460 €M**

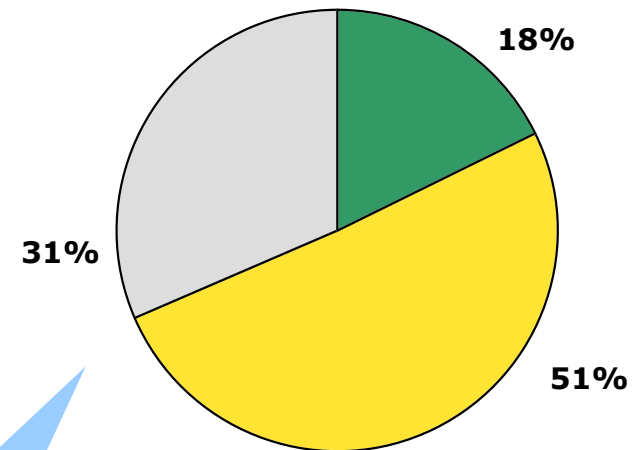
## RATING

### A2A - DEBT RATING

|                   |                   | Current        | Date       |
|-------------------|-------------------|----------------|------------|
| Standard & Poor's | M/L Term Rating   | BBB+           | 01/10/2009 |
|                   | Short-Term Rating | A-2            |            |
|                   |                   | Watch Negative |            |
| Moody's           | M/L Term Rating   | A3             | 20/07/2009 |
|                   | Outlook           | Stable         |            |

## INTEREST RATE STRUCTURE

- Hedged
- Floating Rate
- Fixed Rate



**Average debt life: 3.96 YRS**

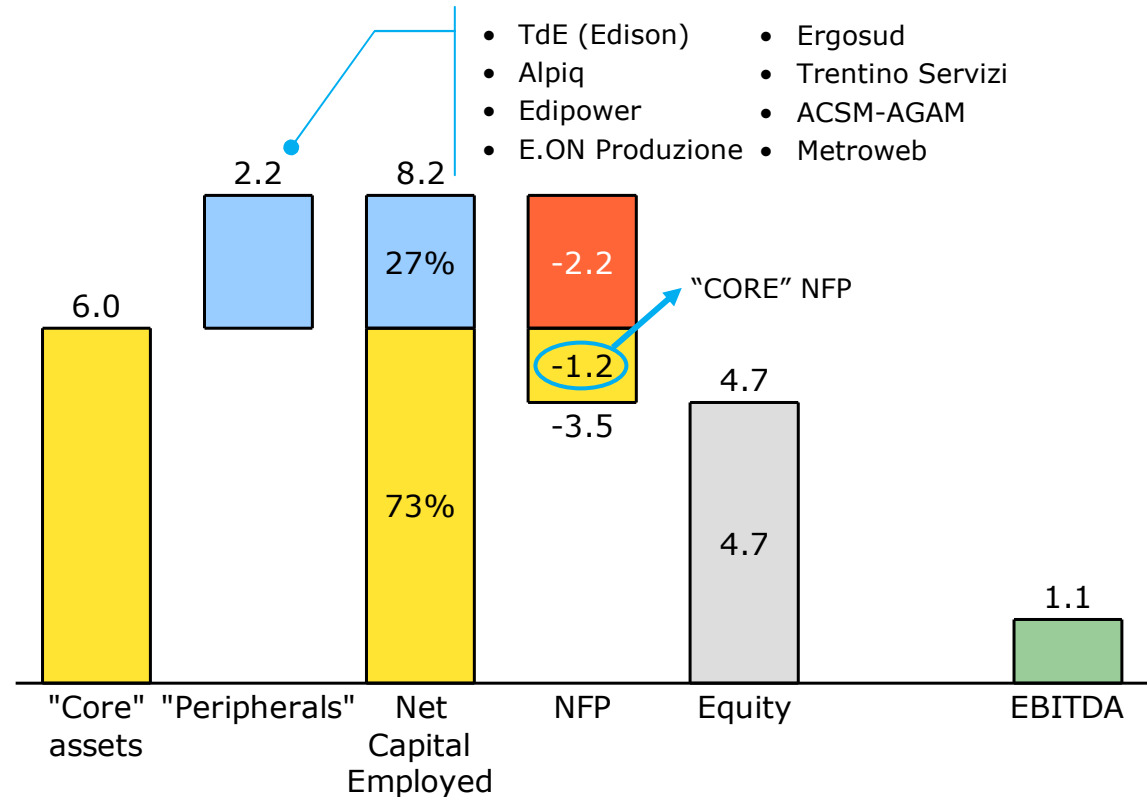
**Committed Credit Lines available: 1,205 €M**

# Peripherals and "core" debt analysis

## DESCRIPTION

- A2A **does not consolidate** several shareholdings because they are not fully controlled, with **no contribution to A2A EBITDA**
- These shareholdings, so called "**peripherals**", represent a considerable amount of capital invested (about **30% at end-2008**), and can be **considered like financial shareholdings**
- The **NFP/EBITDA** and **NFP/Equity** could appear more meaningful if limited to the "**core**" NFP (assuming the peripherals could be sold to reduce total NFP)
- **Industrial deals**, such as E.ON Produzione asset swap (operating since July 2009), would convert peripherals in "**industrial**" assets with both debt and EBITDA consolidated in A2A figures

## CORE NFP ANALYSIS (31/12/2008; B€)



- TdE (Edison)
- Alpiq
- Edipower
- E.ON Produzione
- Ergosud
- Trentino Servizi
- ACSM-AGAM
- Metroweb

| Ratios               | Total NFP | "Core"      |
|----------------------|-----------|-------------|
| • NFP/Net Cap. Empl. | 0.42      | <b>0.21</b> |
| • NFP/EBITDA         | 3.26      | <b>1.17</b> |

Note: peripherals value calculated at book value or market value when available, adjusted for minorities

Main updates on Core Debt and Peripherals as of end-September: Eon Produzione shareholding swapped for assets and increased shareholding in Montenegro EPCG (both increase Core Debt)

# 9m2009 - Scope of consolidation

|                                    | <u>9m2009</u>                       |                             |                       | <u>9m2008</u>                       |                             |                       |
|------------------------------------|-------------------------------------|-----------------------------|-----------------------|-------------------------------------|-----------------------------|-----------------------|
|                                    | <b>CONSOLIDATED<br/>ON .. BASIS</b> | <b>INCOME<br/>STATEMENT</b> | <b>NET<br/>RESULT</b> | <b>CONSOLIDATED<br/>ON .. BASIS</b> | <b>INCOME<br/>STATEMENT</b> | <b>NET<br/>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>A2A Coriance <sup>(1)</sup></b> | <i>Line by Line</i>                 | <i>100%</i>                 | <i>98.8%</i>          | <i>Line by line</i>                 | <i>100%</i>                 | <i>98.8%</i>          |
| <b>ASPEM <sup>(2)</sup></b>        | <i>Line by Line</i>                 | <i>100%</i>                 | <i>90.0%</i>          | -                                   | -                           | -                     |
| <b>Alpiq <sup>(3)</sup></b>        |                                     | <i>IFRS 5</i>               |                       |                                     | <i>Available for sale</i>   |                       |

(1) acquired on 1st July 2008

(2) acquired on 15th January 2009

(3) 5.16%

**DISCLAIMER - This document has been prepared by A2A solely for investors and analysts. This document does not constitute an offer or invitation to purchase or subscribe any shares or other securities and neither it nor any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. Some information contained herein and other material discussed at the meetings may include forward-looking information based on A2A's current beliefs and expectations. These statements are based on current plans, estimates, projections, and projects and therefore you should not place undue reliance on them. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to: changes in global economic business, changes in the price of certain commodities including electricity, gas and coal, the competitive market and regulatory factors. Moreover, forward-looking statements are current only at the date they are made.**