



# **A2A** **2008 Results**

Conference Call

Milan, 25 March 2009



# Agenda

- 2008 Results
- Segment Analysis

# A2A –Main financial highlights

€M data	2007rest.d Pro-forma	2008	Change	Change %
<b>NET SALES</b>	<b>5,175</b>	<b>6,094</b>	<b>+919</b>	<b>+17.6%</b>
<b>EBITDA</b>	<b>1,013</b>	<b>1,068</b>	<b>+55</b>	<b>+5.4%</b>
<b>EBIT</b>	<b>684</b>	<b>699</b>	<b>+15</b>	<b>+2.2%</b>
<b>NET INCOME</b>	<b>521</b>	<b>316</b>	<b>-205</b>	<b>-39.4%</b>
	end 2007rest.d Pro-forma	2008	Change	
<b>NET CAPITAL EMPLOYED</b>	<b>8,054</b>	<b>8,206</b>	<b>+152</b>	
<b>NFP</b>	<b>(3,349)*</b>	<b>(3,484)</b>	<b>-135</b>	
<b>EQUITY</b>	<b>4,705</b>	<b>4,722</b>	<b>+17</b>	
<b>NFP/EQUITY</b>	<b>0.71x</b>	<b>0.73x</b>		
<b>NFP/EBITDA</b>	<b>3.3x</b>	<b>3.3x</b>		



\*including 85 mln extraordinary dividend

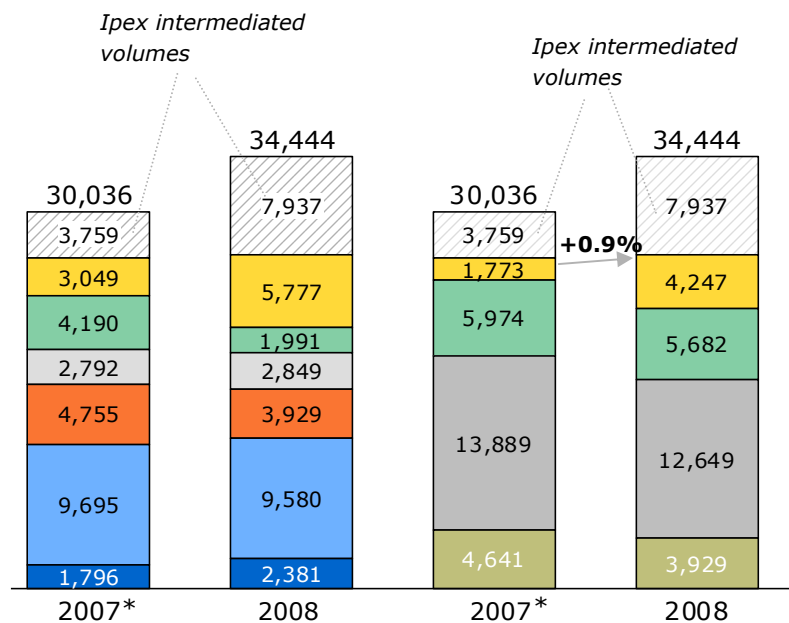
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# 2007-2008 Pro-forma EBITDA breakdown

€M data	EBITDA 2007	EBITDA 2008	Δ	EBITDA BREAKDOWN
<b>ENERGY</b>	447	439	-8	<p><b>2007</b></p> <p>Energy 42%</p> <p>Waste 29%</p> <p>Networks 24%</p> <p>Cogeneration and District Heating 5%</p>
<b>COGENERATION AND DISTRICT HEATING</b>	49	67	+18	
<b>WASTE</b>	308	320	+12	
<b>NETWORKS</b>	258	276	+18	
<b>OTHER SERVICES &amp; CORPORATE</b>	-49	-34	+15	
<b>TOTAL</b>	<b>1,013</b>	<b>1,068</b>	<b>+55</b>	<p><b>2008</b></p> <p>Energy 40%</p> <p>Waste 29%</p> <p>Networks 25%</p> <p>Cogeneration and District Heating 6%</p>

# 2007-2008 Results – Electricity (1/2)

## VOLUMES (GWh)



### Sources

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

### Uses

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

\* 2007 revised data are due to perimeter changes

## GREEN CERTIFICATES POSITION

### MWh data

A2A Group production	516,155
A2A Group needs	-316,553
Delta *	199,602

## CO2 NET POSITION

### Kton

	TOTAL NAP 2008	CO2 emission 2008
Energy	4,951	4,434
District heating	784	575
Waste	132	154
<b>Total</b>	<b>5,867</b>	<b>5,163</b>

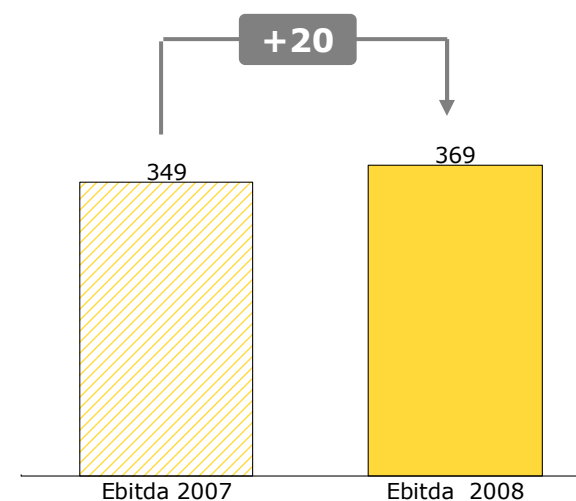
\* of which 28,6 MWh realized in 2008

# 2007-2008 Results – Electricity (2/2)

## SCENARIO

Average data		2007	2008	Change %
Brent	\$/bbl	72.66	98.41	35%
CO2 System Average Cost	€/Tonn	0.20	22.31	
GC System Average Cost	€/MWh	103.10	85.36	-17%
C/\$	€/€	1.37	1.47	7%
Brent €	€/bbl	52.78	66.02	25%
PUN BL	€/MWh	70.98	86.96	23%
PUN Peak	€/MWh	103.39	112.75	9%
PUN Off-Peak	€/MWh	52.98	72.48	37%
CCGT Standard Gas Costs	€/MWh	48.73	67.34	38%
Spark Spread CCGT	€/MWh	22.25	19.62	-12%
Spark Spread CCGT vs Peakload	€/MWh	54.66	45.40	-17%
Spark Spread CCGT vs Off-Peak	€/MWh	4.25	5.13	21%
Spark Spread CCGT- Environmental Costs	€/MWh	18.33	16.14	-12%

## EBITDA (€M)



## POSITIVE KEY FACTS

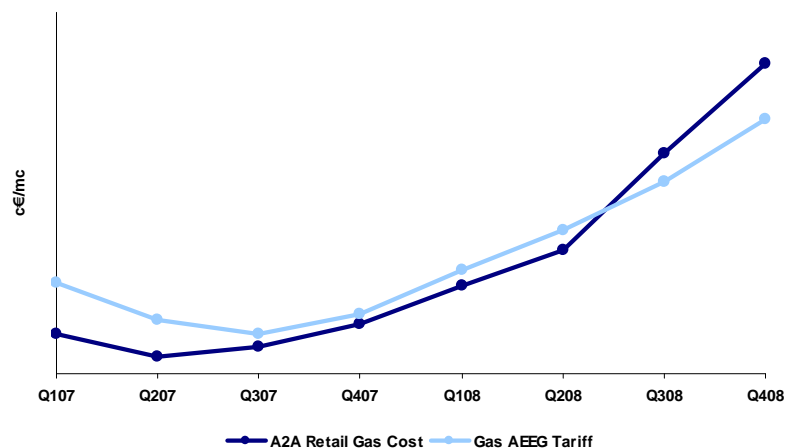
- Positive dynamics of power exchange prices, in particular off peak prices
- Increase in hydroelectric production
- Increase in margin and volumes traded on the foreign markets

## NEGATIVE KEY FACTS

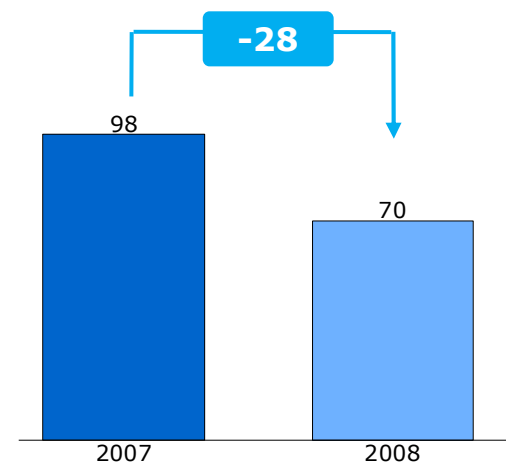
- Premadio plant stop (Unit 1 and 2)
- Cassano plant stop (Unit 1)

# 2007-2008 Results – Gas (2/2)

## SCENARIO



## EBITDA (€M)



## VOLUMES (Mmc)

	2007	2008
Retail	1,797	1,859
Wholesales	1,057	1,565
Power	1,879	1,728
<b>Total sales</b>	<b>4,733</b>	<b>5,152</b>

## KEY FACTS

### Positive key facts

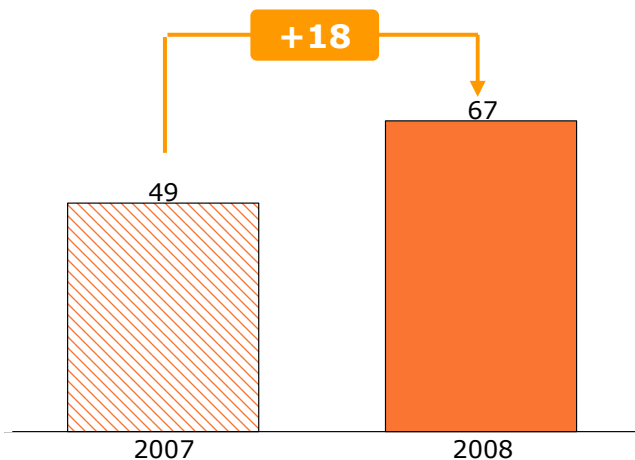
Increase in gas sales, compared to the same period of 2007, characterized by an exceptionally mild weather

### Negative key facts

- Decreasing the profitability due to the impact of the scenario on indexation formulas
- Non current items recorded in 2007

# 2007-2008 Results – Cogeneration and District heating

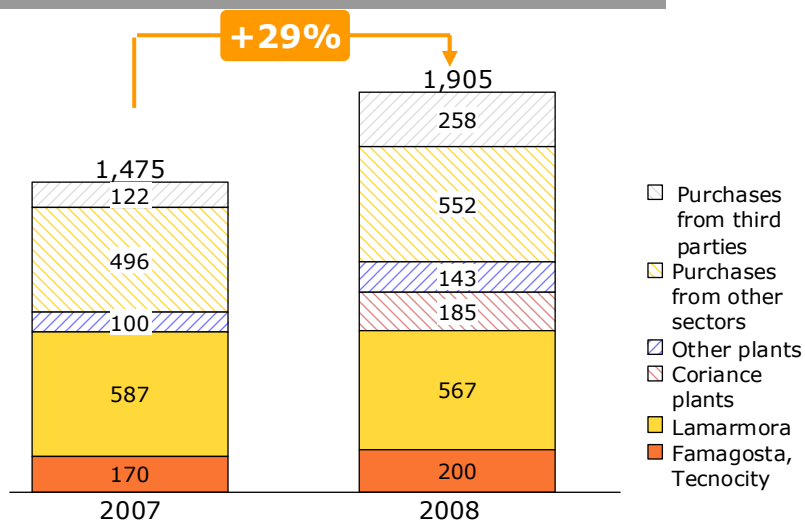
## EBITDA (€M)



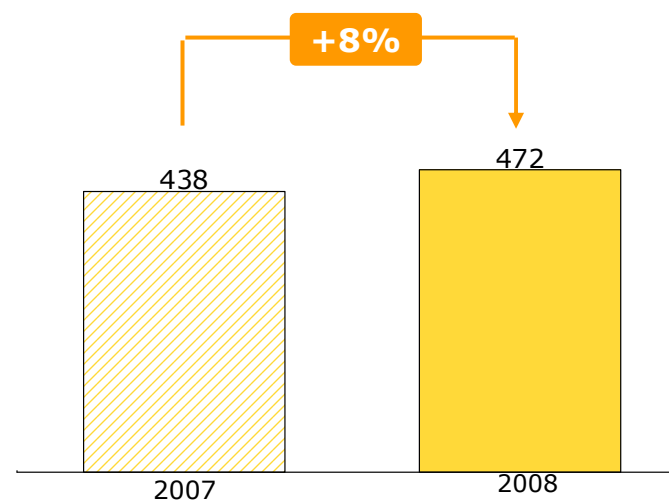
## KEY FACTS

- Increase in heat sales compared to the same period of 2007
- Positive impact on EBITDA due to the consolidation of Coriance from August 2008

## HEAT VOLUMES (GWh)

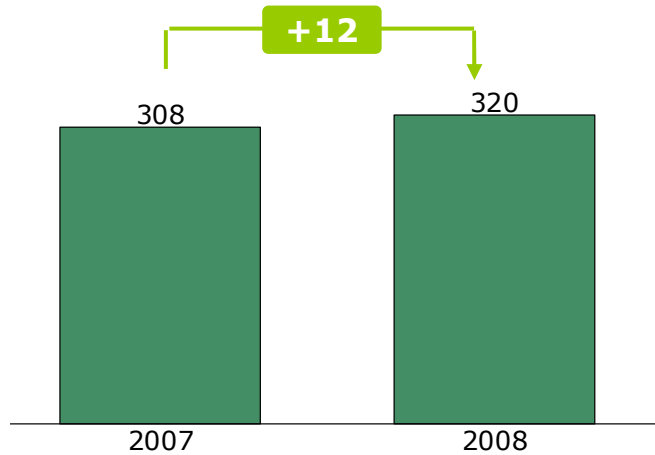


## ELECTRICITY (GWh)



# 2007-2008 Results - Waste

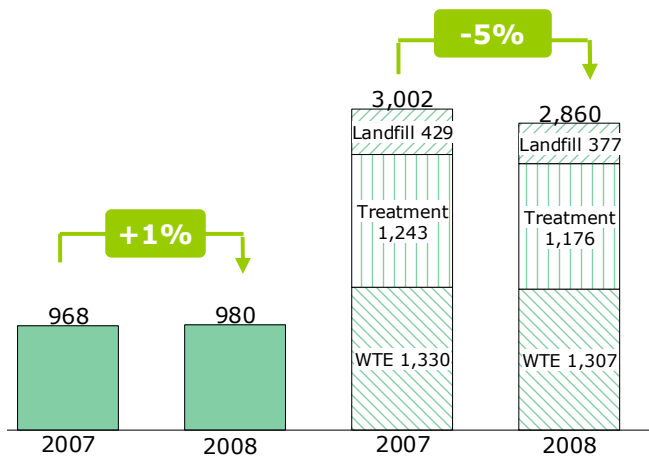
## EBITDA (€M)



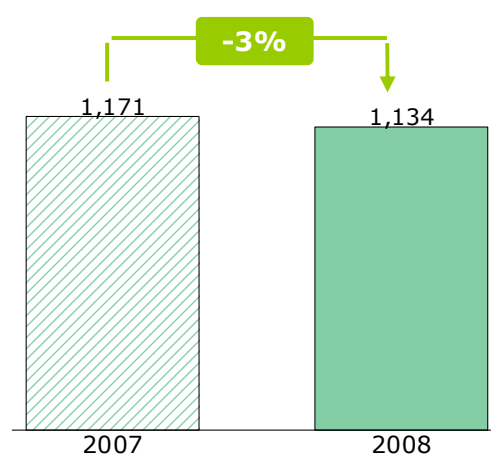
## KEY FACTS

- Margin improvement from waste collection and disposal services for private customers and other Municipalities
- CIP6 tariff increase, partially offset by the expiry of CIP6 incentive for Brescia WTE plant and lower WTE plants electricity production mainly due to extraordinary maintenance
- Heat revenues increase due to positive impact of prices and volumes
- Lower waste volumes disposed in Montichiari, Cavaglia 2B and Cavriana landfills. Additional landfill capacity in Comacchio and Barengo.

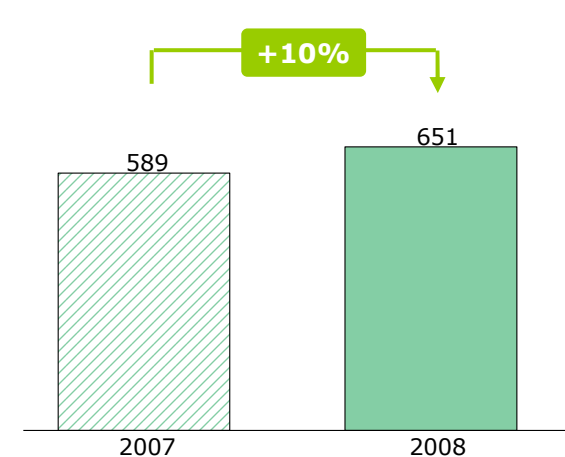
## WASTE VOLUMES (Kton)



## ELECTRICITY PRODUCTION (GWh)



## HEAT PRODUCTION (GWht)



Collected\*

Treated

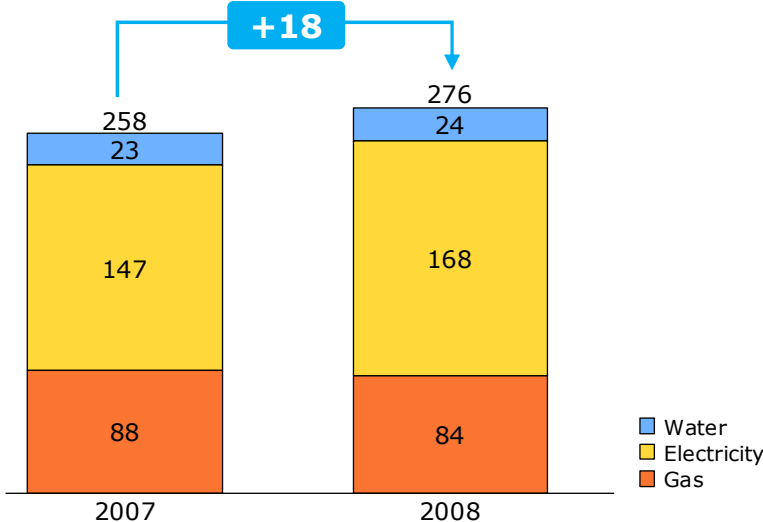
\* related to main municipalities



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# 2007-2008 Results - Networks

## EBITDA (€M)



## KEY FACTS

### Electricity: +21 €M

Positive impact on EBITDA due to the specific company equalisation related to the Milan distribution network covering the 2004-2007 period, partially offset by AEEG tariff decrease

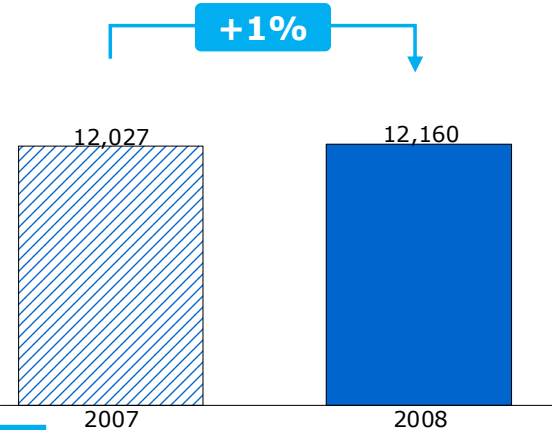
### Gas: -4 €M

Negative impact due to AEEG gas tariff decrease

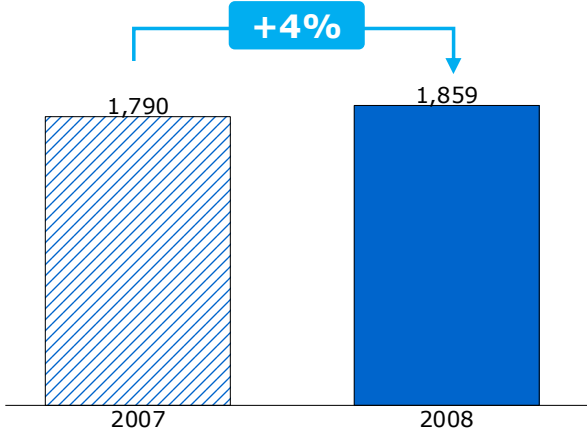
### Water: +1 €M

Positive impact on EBITDA due to perimeter expansion

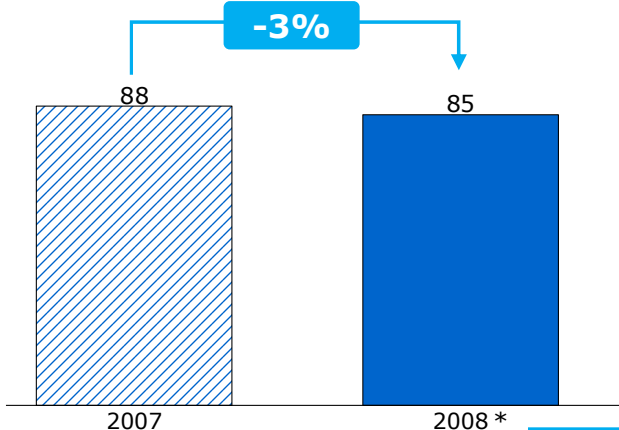
## ELECTRICITY (GWh)



## GAS DISTRIBUTED (Mmc)



## WATER (Mmc)



# A2A – From Ebitda to Net Income

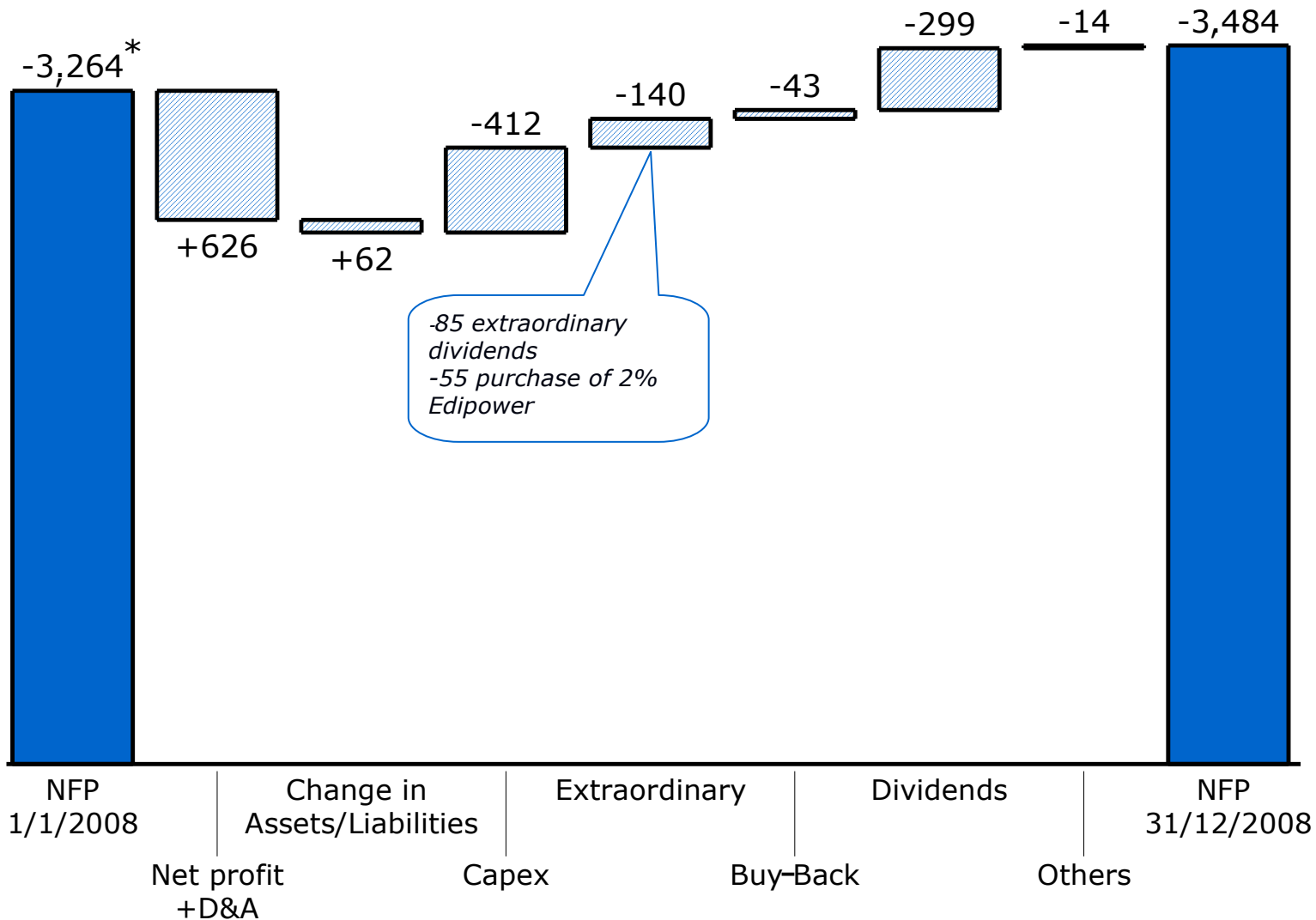
€M data	2007 Pro-forma rest.d	2008	Change	Key point
<b>EBITDA</b>	<b>1,013</b>	<b>1,068</b>	<b>+55</b>	
<b>D&amp;A, Write Downs and Provisions</b>	<b>-330</b>	<b>-369</b>	<b>-39</b>	<i>Deprec.Hydro</i>
<b>Financial charges</b>	<b>-147</b>	<b>-181</b>	<b>-34</b>	<i>Debt increase, interest rate increase, write- down of financial assets</i>
<b>Derivatives/others</b>	<b>+7</b>	<b>-19</b>	<b>-26</b>	
<b>Associates and JV and others</b>	<b>+153</b>	<b>+60</b>	<b>-93</b>	<i>TdE, asset write-down AGAM</i>
<b>Others</b>	<b>-3</b>	<b>+13</b>	<b>+16</b>	<i>Amsa positive claim</i>
<b>EBT</b>	<b>693</b>	<b>572</b>	<b>-121</b>	

# A2A – From EBT to Net Income

€M data	2007 Pro-forma rest.d	2008	Change	Key point
<b>EBT</b>	<b>693</b>	<b>572</b>	<b>-121</b>	
<b>TAXES</b>	<b>-170</b>	<b>-227</b>	<b>-57</b>	<i>Tax rates; Robin Tax; undeductible items</i>
<b>IFRS 5</b>	<b>+80</b>	<b>2</b>	<b>-78</b>	<i>Endesa</i>
<b>MINORITIES</b>	<b>-82</b>	<b>-31</b>	<b>+51</b>	<i>TdE, Plurigas</i>
<b>NET INCOME</b>	<b>521</b>	<b>316</b>	<b>-205</b>	

# A2A – Net Debt and Cash Flow

€M data

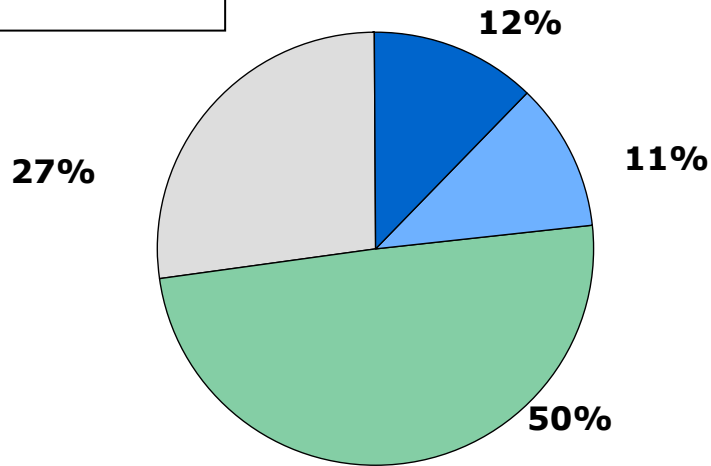
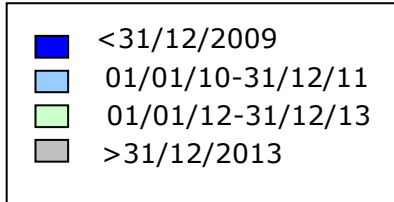


\* excluding €M85 extraordinary dividends



# 2008 Gross debt and interest rate structure

## DEBT STRUCTURE

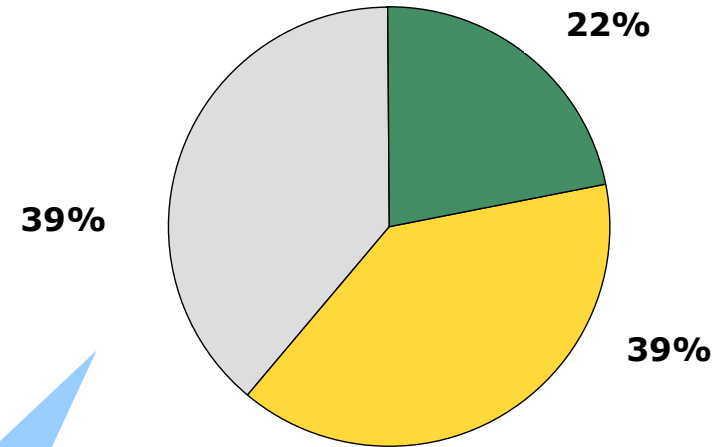
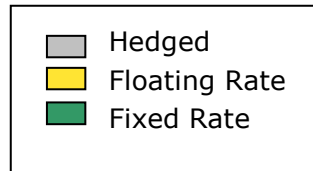


**Total debt: 3,645 €M**

## RATING

		Current	Date
<b>Standard &amp; Poor's</b>	M/L Term Rating	BBB+	17/07/2008
	Short-Term Rating	A-2	
	Outlook	Stable	
<b>Moody's</b>	M/L Term Rating	A3	11/11/2008
	Outlook	Stable	

## INTEREST RATE STRUCTURE





**Average debt life: 4.9 YRS**

**Committed Credit Lines available: 980 €M**

# Change in accounting policy and Scope of consolidation

	New accounting policy						Previous accounting policy		
	2008 2007 Pro-forma			2007 <i>restated</i>			2007*		
	CONSOLIDATED ON.. BASIS	INCOME STATEMENT	NET RESULT	CONSOLIDATED ON.. BASIS	INCOME STATEMENT	NET RESULT	CONSOLIDATED ON.. BASIS	INCOME STATEMENT	NET RESULT
<b>A2A subsidiaries*</b>	<i>Line by line</i>	<b>100%</b>	<b>100%</b>						
<b>AEM subsidiaries</b>				<i>Line by line</i>	<b>100%</b>	<b>100%</b>	<i>Line by line</i>	<b>100%</b>	<b>100%</b>
				<i>Line by line</i>	<b>100%</b>	<b>30%**</b>	<i>Line by line</i>	<b>100%</b>	<b>30%**</b>
<b>Ecodeco</b>	<i>Line by line</i>	<b>100%</b>	<b>100%</b>	<i>Line by line</i>	<b>100%</b>	<b>100%**</b>	<i>Line by line</i>	<b>100%</b>	<b>100%**</b>
<b>Plurigas</b>	<i>Line by line</i>	<b>100%</b>	<b>70%</b>	<i>Equity</i>	-	<b>40%</b>	<i>Proportional</i>	<b>40%</b>	<b>40%</b>
<b>Edipower</b>	<i>Equity</i>	-	<b>20%</b>	<i>Equity</i>	-	<b>20%</b>	<i>Proportional</i>	<b>20%</b>	<b>20%</b>
<b>Ergon Energia</b>	<i>Equity</i>	-	<b>50%</b>		-				
<b>Delmi</b>	<i>Line by line</i>	<b>100%</b>	<b>51%</b>	<i>Line by line</i>	<b>100%</b>	<b>51%</b>	<i>Line by line</i>	<b>100%</b>	<b>51%</b>
<b>TdE</b>	<i>Equity</i>	-	<b>25,5%</b>	<i>Equity</i>	-	<b>25,5%</b>	<i>Proportional</i>	<b>50%</b>	<b>25,5%</b>
<b>Edison</b>	<i>Equity</i>	-	<b>15,3%</b>	<i>Equity</i>	-	<b>15,3%</b>	<i>Proportional</i>	<b>50%</b>	<b>15,3%</b>
<b>A2A Coriance***</b>	<i>Line by Line</i>	<b>100%</b>	<b>98,8%</b>						

\* Issued on march 27, 2008  
 \*\* 30% for 6 months and 100% for 6 months  
 \*\*\* consolidated from august, 1 2008-december, 31 2008

 CHANGE IN ACCOUNTING POLICY  
 CHANGE IN SCOPE OF CONSOLIDATION OR PERCENTAGE