A2A - The leading Italian multiutility

Our World

- A2A is active in energy (electricity and gas), cogeneration and district heating, waste and distribution networks – a business diversification which spans from regulated to market exposure thus considerably lowering its economic risk profile
- Born in 2008 from the merger of AEM, ASM and AMSA, A2A operates throughout Italy, predominantly in Lombardy
- The business units of the company have a first class asset base - both plants and networks. Long term concessions increase visibility
- A2A business model is very flexible. It allows for optimizations both in the business units and across them
- At international level A2A mainly operates in Montenegro through EPCG (electricity)
- The current strategy has been set out in the 2015-2019 Strategic Plan. The main lines of the Plan are the following:
  - Restructure: substantial reduction in thermoelectric power generation exposure
  - Relaunch: growth acceleration in environment, smart networks and energy services
  - Reshape: buying options in smart city and green economy
  - Discipline in operations and capital
  - Dialogue & engagement with key stakeholders
  - Digital & technological transformation

Our Results

- Positive 2014 results were achieved despite the difficult macroeconomic context and the worsening of most of the economic indicators, specifically in the electricity sector.
- With respect to these external dynamics, the Group reacted by continuing with the initiatives to improve operational efficiency, which helped to sustain the profitability
- Debt reduction continued posting satisfactory results
- A2A medium-term financial strategy is aimed at lengthening the average debt maturity, maintaining an adequate financial flexibility and lowering the cost of debt to support the Company rating
- A2A adopts a prudent energy risk policy, part of its Enterprise Risk Management model, whose purpose is to further develop and integrate risk management activities into the business process

Our Responsibilities

- A high weight of green component characterizes A2A asset portfolio. Large scale renewable production (hydroelectric, WTE), high efficiency production (cogeneration with lower CO2 emissions) and innovative technologies to increase energy savings. A2A may also leverage on a large and loyal customer base as a natural hedge for its energy portfolio. These mark the Company commitment to sustainability, a yet untapped source of value for investors
- A dividend of 0.0363 euros per share, up by 10%, was submitted to AGM approval
- Milan and Brescia cities are the major shareholders with a joint control
- The shift to a traditional governance model, occurred in June 2014, facilitates decision making and emphasizes the central role of the Board of Directors

Business units: top strengths

- Generation&Trading
  ~2 GW hydro installed capacity in Italy
- Energy Retail
  market leader for quality and customer satisfaction
- Cogeneration and District Heating
  first domestic operator
- Waste
  n. 1 for electricity produced by WTE plants
- Networks
  incumbent in its 3 key gas areas
- EPCG
  ~0.7 GW hydro installed capacity (76% of total)
A2A at a glance

Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
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</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>4984</td>
<td>5,604</td>
<td>6,480</td>
<td>6,130</td>
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<tr>
<td>EBITDA</td>
<td>1,024</td>
<td>1,133</td>
<td>1,068</td>
<td>924</td>
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<tr>
<td>Group net income (1)</td>
<td>-37</td>
<td>62</td>
<td>260</td>
<td>-423</td>
</tr>
<tr>
<td>Distributed Dividend</td>
<td>113</td>
<td>102</td>
<td>81</td>
<td>40</td>
</tr>
<tr>
<td>Dividend Yield (%)</td>
<td>4.3%</td>
<td>5.2%</td>
<td>5.2%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Net Capital Employed</td>
<td>6,542</td>
<td>7,222</td>
<td>8,069</td>
<td>7,614</td>
</tr>
<tr>
<td>Net Equity</td>
<td>3,179</td>
<td>3,348</td>
<td>3,697</td>
<td>3,593</td>
</tr>
<tr>
<td>Manpower (units)</td>
<td>11,971</td>
<td>12,392</td>
<td>12,563</td>
<td>11,886</td>
</tr>
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</table>

Market capitalisation at December 31, 2015: € 3,929 m

A2A is the Blue Chip of the local utilities

CURRENT CORPORATE CREDIT RATING

<table>
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<th>Standard &amp; Poor’s</th>
<th>Moody’s</th>
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<tr>
<td>BBB/A-2  Outlook Stable</td>
<td>Baa3  Outlook Stable</td>
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</tbody>
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A2A shareholding structure (2)

A2A: geographic presence and activities

ITALY AND MONTENEGRO: plants

ITALY AND MONTENEGRO: networks

Italy
- Electricity distribution, water integrated cycle and public lighting: Northern Italy
- Gas distribution: across Italy (especially Northern)
Montenegro
- Electricity distribution

Technological Partnerships

ITALY AND MONTENEGRO: networks

BUSINESS PORTFOLIO

Ordinary EBITDA equal to 951 €M
About 70% of 2014 Ordinary EBITDA from regulated / quasi regulated activities(2).

(1) Declared EBITDA equal to 1,024 €M, excluding then costs of redundancy schemes (-17 €M) and EBITDA from “Other services & Corporate” (-21 €M); (2) Regulated activities: Networks, EPCG Electricity distribution, incentivized energy production; Quasi regulated activities: Urban Waste Collection & Treatment, District Heating, Public Lighting

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**A2A: asset portfolio & strengths**

**GENERATION & TRADING**
- Total installed capacity: 8,852 MW
  - Thermoelectric capacity: 5,866 MW, of which:
    - CCGT: 5,286 MW
    - Fuel oil: 580 MW
    - Coal: 755 MW
  - Hydroelectric capacity: 1,927 MW
  - Thermoelectric production: 5,540 GWh
  - Hydroelectric production: 6,090 GWh
- Total electricity sales: 53,550 GWh
- Gas portfolio: 3.7 Bcm

Trading activities in Italy and European energy markets:
- power, gas and environmental markets (green and white certificates, CO2)

**ENERGY RETAIL**
- Electricity supply contracts (n): 975,649
  - regulated market (n): 774,722
  - free market (n): 204,927
- Gas supply contracts (n): 1,114,972
  - regulated market (n): 954,120
  - free market (n): 160,852
- Electricity sales: 8,164 (GWh)
  - regulated market: 2,329 (GWh)
  - free market: 5,835 (GWh)
- Gas sales: 1,104 (McM)
  - regulated market: 575 (McM)
  - free market: 529 (McM)

**WASTE**
- Inhabitants served: 2.7 millions
- Waste collected (MI, BS, BG & VA Municipalities): 320 Kton
- Waste to energy plants: 5 (property plants)
  - thermal capacity: 303 MW
  - electricity capacity: 204 MW
  - treatment capacity: 1,565 Kt/yr
- Waste disposed of: 2.594 Kton
- WTE head production: 1,020 GWh
- WTE electricity production: 1,095 GWh
- Acorra WTE (management only): 107.5 MW; 600 Kt/yr
- Technological partnerships abroad: 8 plants in UK, Spain and Greece

**COGENERATION & DISTRICT HEATING**
- Total installed thermal capacity: 1,219 MWe
- Heat production: 981 GWh
- Heat volumes sales: 1,951 GWh
- Total installed electricity capacity: 174 MW
  - Cogeneration electricity sales: 233 GWh
- District heating network: 1,002 Km

**STRENGTHS**
1. Diversified and well-balanced generation mix, in order to exploit market opportunities and mitigate overall risk
2. CCGT investment cycle completed - all plants are new or recently revamped, highly efficient, with limited maintenance capex needed, no contractual constraints
3. Take or pay gas, no demand constraints (heat-lead)
4. Highly flexible plant portfolio: almost 50% of hydro flexible reservoir/basin vs. run-of-river; CCGT plants with a low minimum load
5. Relevant market share in the Northern Zone

(1) The procurement of gas is pursued through a set of contracts, diversified by duration (long term, yearly and spot), by counterparties (in order to reduce the risk), by market place (regulated and GTC), by flexibility and by delivery point (foreign, local, Italian border, FSR, and user).

**NETWORKS**
- Distribution network: 13,837 Km
  - Electricity distribution: 10,782 GWh
  - Gas transport network: 407 Km
  - Gas distributed: 1,739 Mcm
  - Water distribution network: 4,747 Km
  - Water distributed: 80 Mcm
  - Public lighting: 204,498, of which 90,000 LED

**STRENGTHS**
1. High service quality
2. Good continuity of electricity and gas distribution services
3. Efficient customer care
4. Eliminating system
5. Focus on costs
6. Frontier technology for public lighting (i.e., LED)
7. Focus on new technologies (e.g., smart grids)

**EPCG**
- Total installed capacity: 592 MW
  - Thermoelectric: 218 MW
  - Hydroelectric: 674 MW
- Thermoelectric production: 1,322 GWh
- Hydroelectric production: 1,716 GWh
- Total electricity sales: 53,550 GWh
- Electricity distribution network: ~19,000 Km
- Electricity users connected: 350K
- Electricity distributed: 2,448 GWh

**STRENGTHS**
1. Reservoir Hydro: almost 98% of hydro flexible reservoir/basin vs. run-of-the-river
2. Metering project: more than 60% of the total meters installed are fully digitalized, on track with the plan (80% of the total by 2017)
3. Energetic Hub for the South Eastern Europe region
4. Interconnection cable with Italy: the project, carried out by Terna, is ongoing and will be terminated by 2018

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Strategic Plan 2015-2019: Vision and Key Highlights

**VISION**
Modern and multi-business utility, essential for future needs of local communities, leader in green economy, smart networks and new energy models

**FROM...**
- Conventional energy
- Large-scale investments
- Reactivity, centralization
- Asset based
- Cost cutting
- Leveraged

**TO...**
- Innovative energy and environment solutions
- Tailor-made solutions for community needs
- Proactivity, de-centralization
- People based
- Operational excellence
- Self-funding

**STRATEGIC PLAN**
Develops most concrete opportunities and resolutely addresses present challenges starting an in-depth strategic re-positioning

**KEY HIGHLIGHTS**
- ~€2B cumulated Capex (~+40% vs. 10-14)
- EBITDA by 2019 €1.35B (CAGR 5.8%)
- ~€0.88 debt reduction in 5 years
- Double digit ROI: from ~8% in 2014* to >12% in 2019
  * Excluding 2014 impairment effects

**INVESTMENTS FOR GROWTH**
- Thermal capacity reduction (-40%)
- Strong growth in core skills markets
- Regulated/Quasi-regulated EBITDA by 2019 ~35% + environment, smart networks and new energy services

**BUSINESS MIX REBALANCE**
- DPS 2014 +10%, stable dividend set for 2015-2016
- DPS bound to grow
- Sustainable capital structure

**RESTRUCTURE**
- Substantial reduction in thermoelectric power generation exposure

**RELAUNCH**
- Growth acceleration in environment, smart networks and energy services

**RESHAPE**
- Buying options in smart city and green economy

**DISCIPLINE**
- Discipline in operations and capital

**DIALOGUE**
- Dialogue & engagement with key stakeholders

**DIGITAL**
- Digital & technological transformation