



**A2A**

2010 Results

Milan, March 30<sup>th</sup>, 2011



# Agenda

- Key facts
- 2010 Main financial highlights
- EBITDA Segment Analysis
- Focus on EPCG
- From EBITDA to Net Income
- Net debt and Cash Flow

# Key facts

- Positive industrial performance against scenario negative impact
- EPCG consolidation in 2010 results
- Positive impact of Alpiq deal both in P&L and in debt reduction
- TDE write-down effect

# 2010 - Main financial highlights

€M data	2009*	2010	Change	Change %
<b>NET SALES</b>	<b>5,401</b>	<b>6,041</b>	<b>+640</b>	<b>+11.8%</b>
<b>EBITDA</b>	<b>1,023</b>	<b>1,040</b>	<b>+17</b>	<b>+1.7%</b>
<b>EBIT</b>	<b>609</b>	<b>498</b>	<b>-111</b>	<b>-18.2%</b>
<b>A2A NET INCOME</b>	<b>80</b>	<b>308</b>	<b>+228</b>	<b>-</b>
	2009	2010	Change	
<b>NET CAPITAL EMPLOYED</b>	<b>9,239</b>	<b>8,738</b>	<b>-501</b>	
<b>NFP</b>	<b>4,644</b>	<b>3,893</b>	<b>-751</b>	
<b>EQUITY</b>	<b>4,595</b>	<b>4,845</b>	<b>+250</b>	
<b>NFP/EQUITY</b>	<b>1.01x</b>	<b>0.80x</b>		

\* BAS SII reclassified according to IFRS5 and public lighting activities reclassified according to IFRIC12



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# 2010 - Results and main strategic achievements

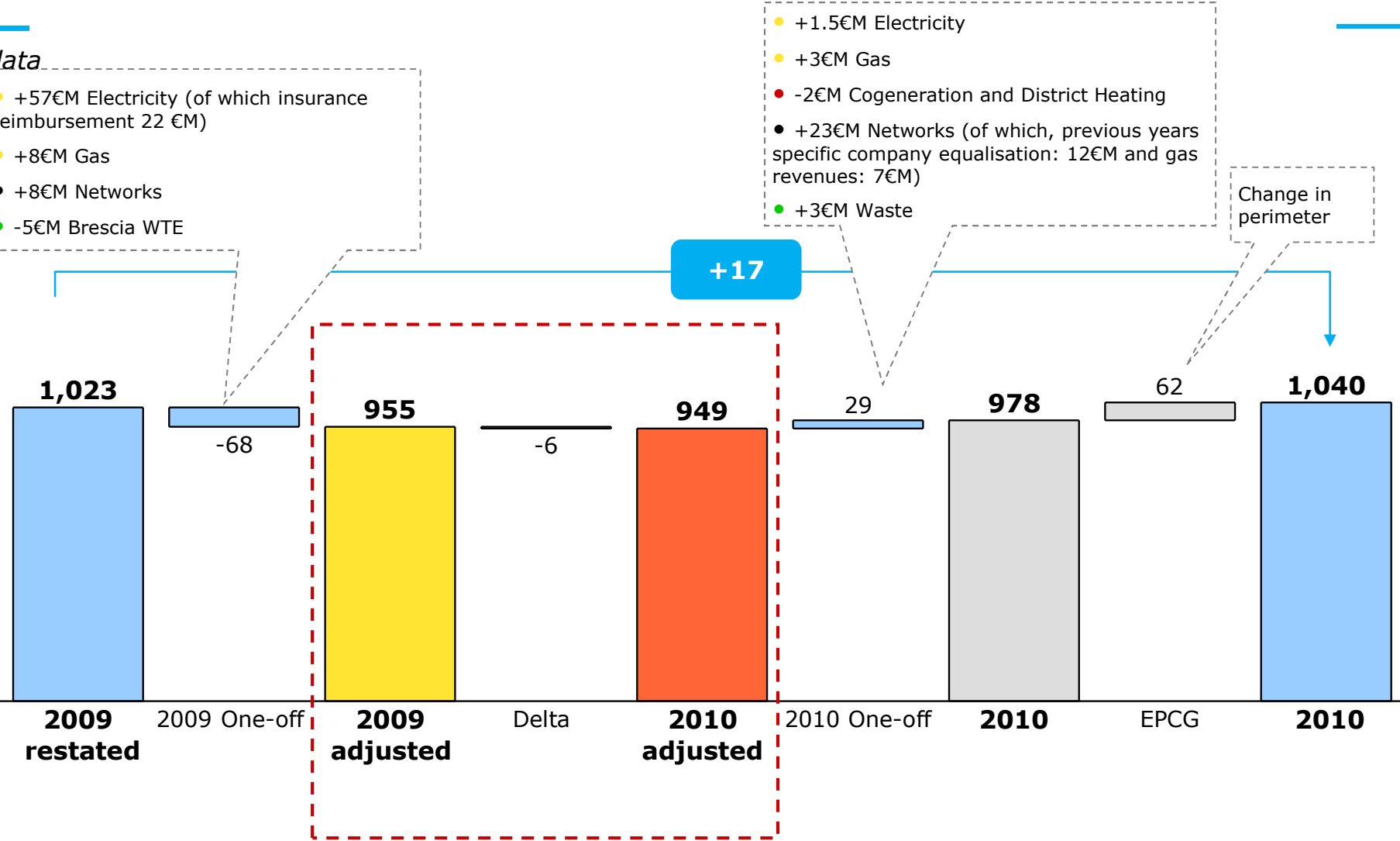
## EBITDA

€M data

- +57€M Electricity (of which insurance reimbursement 22 €M)
- +8€M Gas
- +8€M Networks
- -5€M Brescia WTE

- +1.5€M Electricity
- +3€M Gas
- -2€M Cogeneration and District Heating
- +23€M Networks (of which, previous years specific company equalisation: 12€M and gas revenues: 7€M)
- +3€M Waste

Change in perimeter



# 2010 - Results and main strategic achievements

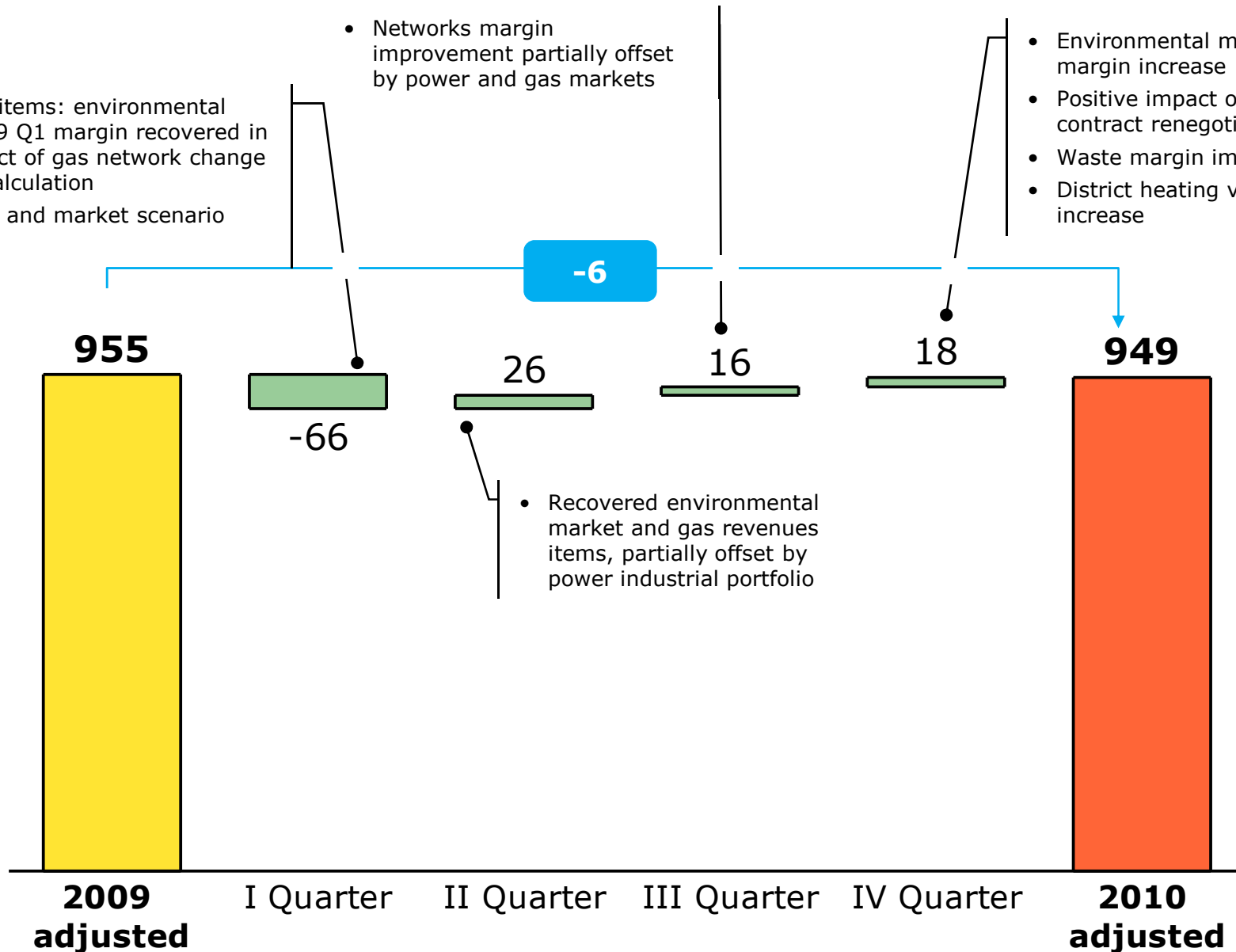
## EBITDA COMPARISON QUARTER BY QUARTER – One-off not included

€M data

- Recoverable items: environmental markets 2009 Q1 margin recovered in Q2 and impact of gas network change in revenue calculation
- Commodities and market scenario

- Networks margin improvement partially offset by power and gas markets

- Environmental markets margin increase
- Positive impact of gas contract renegotiation
- Waste margin improvement
- District heating volumes increase



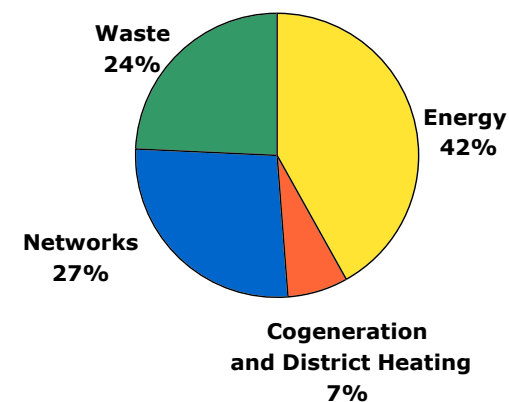
## 2010 - EBITDA breakdown – One-off not included in the sectors

€M data

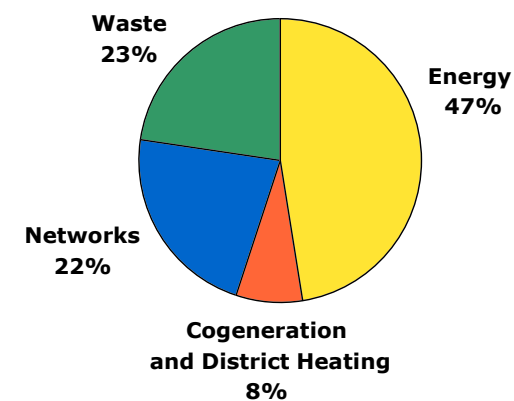
	EBITDA 2009	EBITDA 2010	Δ vs 2009
<b>ELECTRICITY</b>	347	320	-27
<b>GAS</b>	126	79	-47
<b>COGENERATION AND DISTRICT HEATING</b>	76	72	-4
<b>WASTE</b>	226	259	33
<b>NETWORKS</b>	222	253	31
<b>OTHER SERVICES &amp; CORPORATE</b>	-40	-31	9
<b>CONSOLIDATION ADJUSTMENTS</b>	-2	-3	-1
<b>TOTAL (Adj)</b>	<b>955</b>	<b>949</b>	<b>-6</b>
<b>ONE-OFF</b>	68	29	-39
<b>TOTAL (no EPCG)</b>	<b>1,023</b>	<b>978</b>	<b>-45</b>
<b>EPCG</b>	0	62	62
<b>TOTAL</b>	<b>1,023</b>	<b>1,040</b>	<b>17</b>

### EBITDA BREAKDOWN

2010



2009



# 2010 Energy - Electricity Scenario

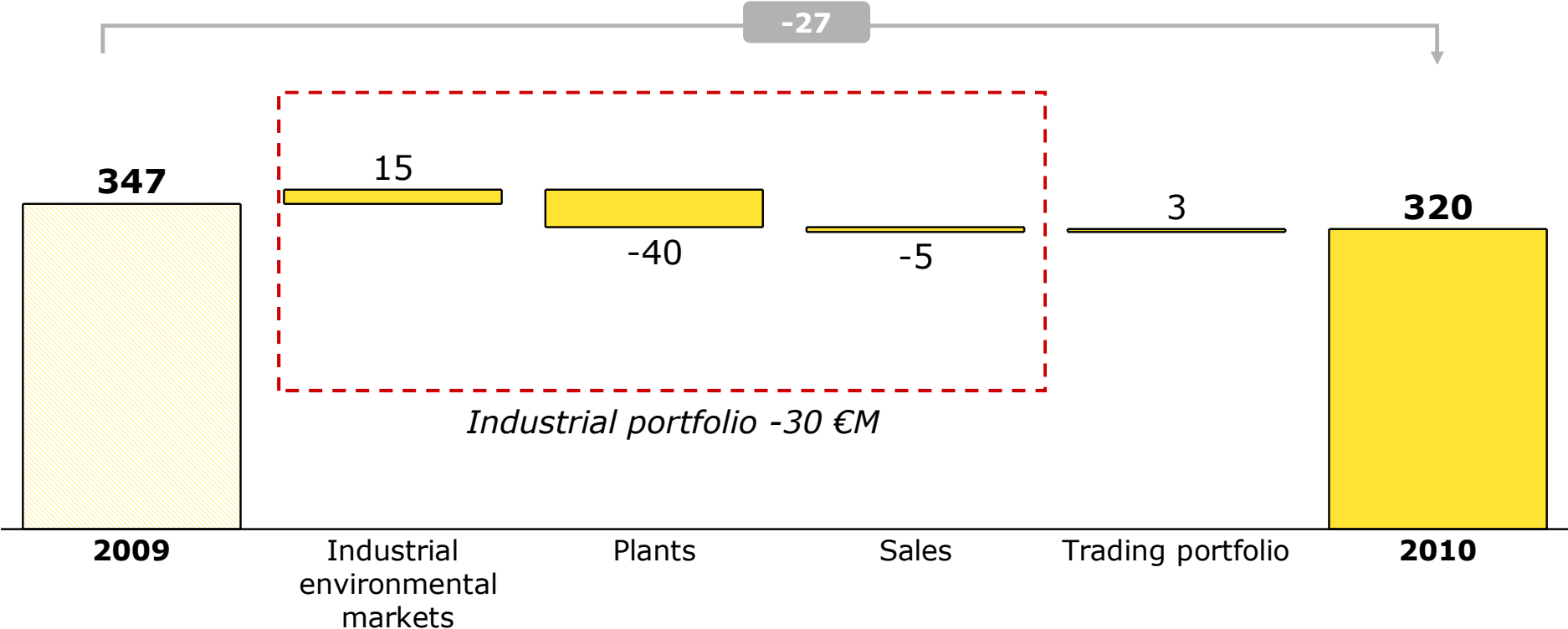
Average data		YTD 2009	YTD 2010	Var %
<b>Brent</b>	\$/bbl	62.56	80.27	28%
<b>CO2 Average system cost</b>	€/Tonn	13.33	14.45	8%
<b>Green Certificate avg. system cost</b>	€/MWh	85.09	84.03	-1%
<b>€/€</b>	€/€	1.39	1.33	-5%
<b>Brent €</b>	€/bbl	44.59	60.56	36%
<b>PUN BL</b>	€/MWh	63.77	64.09	1%
<b>PUN Peak</b>	€/MWh	82.36	74.62	-9%
<b>PUN Off-Peak</b>	€/MWh	53.41	57.41	7%
<b>CCGT Cost</b>	€/MWh	51.90	54.42	5%
<b>Spark Spread CCGT vs Baseload</b>	€/MWh	11.87	9.67	
<b>Spark Spread CCGT vs Peakload</b>	€/MWh	30.46	20.20	
<b>Spark Spread CCGT vs Off-Peak</b>	€/MWh	1.52	2.99	
<b>Spark Spread CCGT- Environm. costs</b>	€/MWh	8.64	5.02	
<b>Italian electricity demand</b>	GWh	320,268	326,165	1.8%
<b>Net Import</b>	GWh	44,959	43,944	-2.3%

*Note: 2010 CCGT based on Gas Release 2007*



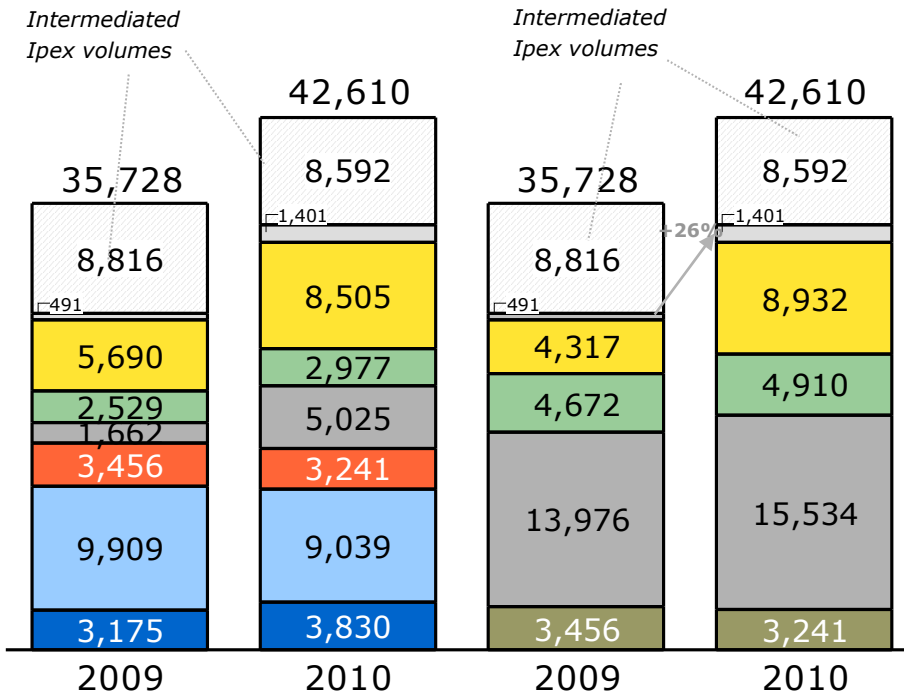
# 2010 Energy - Electricity Results – One-off not included

EBITDA ADJUSTED EVOLUTION 2009A-2010A (€M)



# 2010 Energy - Electricity Sources and Uses

## VOLUMES (GWh)



### Sources

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

### Uses

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

## GREEN CERTIFICATES POSITION

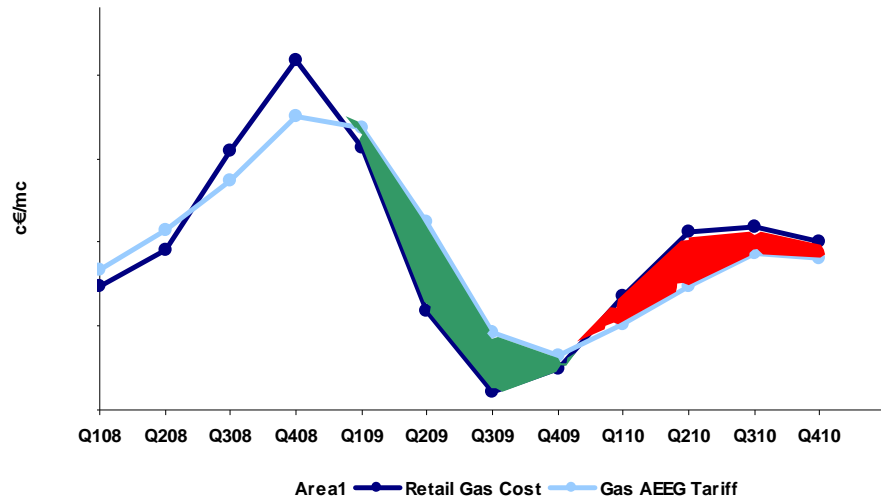
- **A2A Group Green Certificates Long Position at 31.12.2010 ~ 226 GWh**

## CO2 POSITION

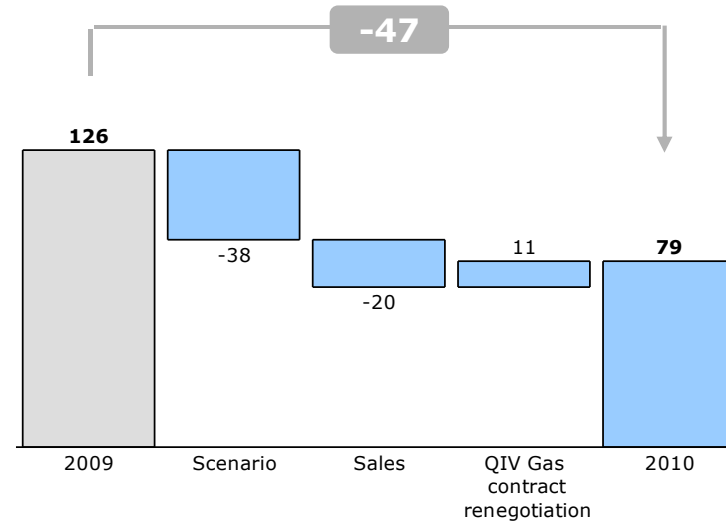
- **A2A Group CO2 Long Position at 31.12.2010 ~ 1,311 Kton**

# 2010 Energy - Gas Results – One-off not included

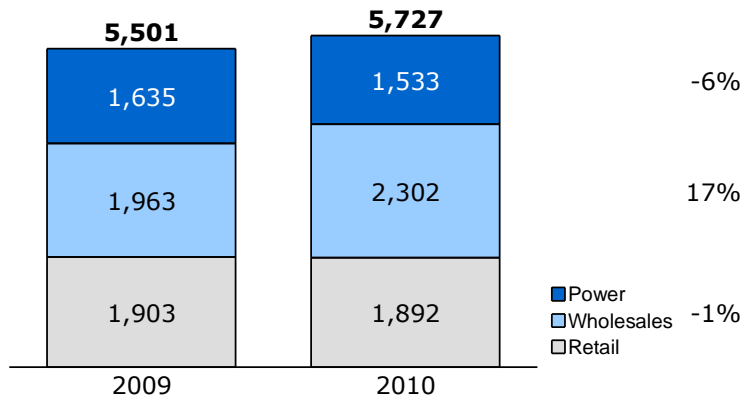
## SCENARIO



## EBITDA ADJUSTED (€M)



## VOLUMES (Mcm)



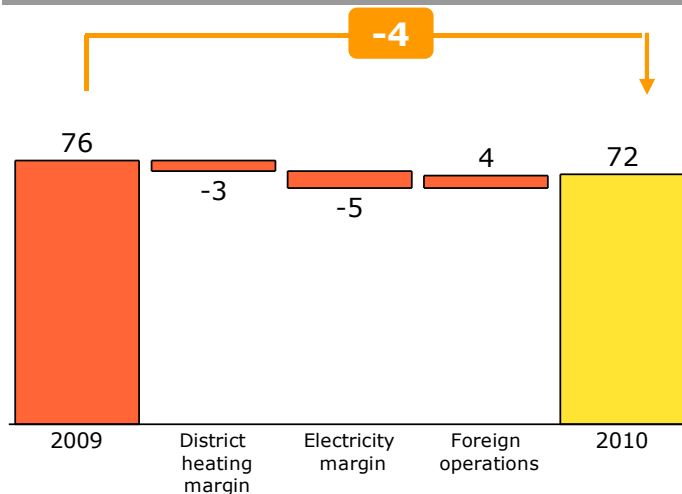
## KEY FACTS (VS 2009)

**Formulas indexation price and lower margins, partially offset by gas contract renegotiation and volumes increase**

# 2010 - Cogeneration and District heating Results

## One-off not included

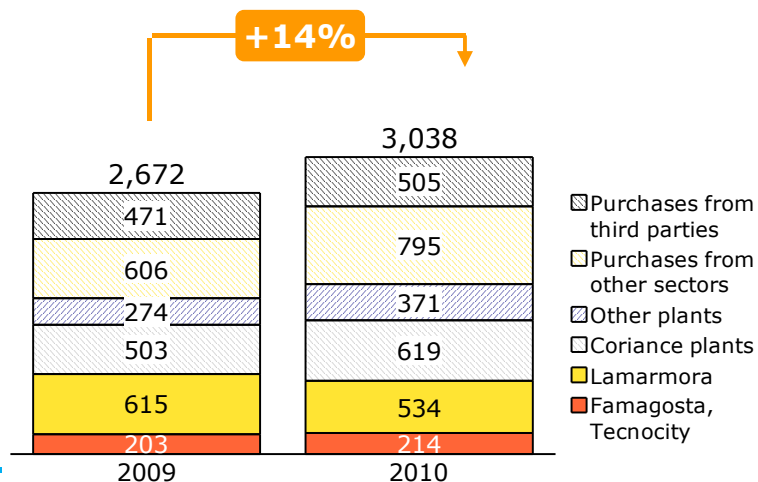
### EBITDA ADJUSTED (€M)



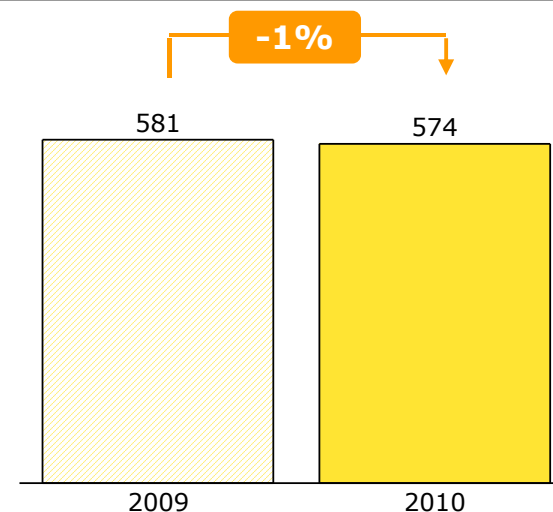
### KEY FACTS (VS 2009)

- Electricity margin decrease mainly due to volumes and IPEX prices decrease
- District heating margin decrease mainly due to formulas indexation price
- Coriance activities development

### HEAT VOLUMES (GWht)

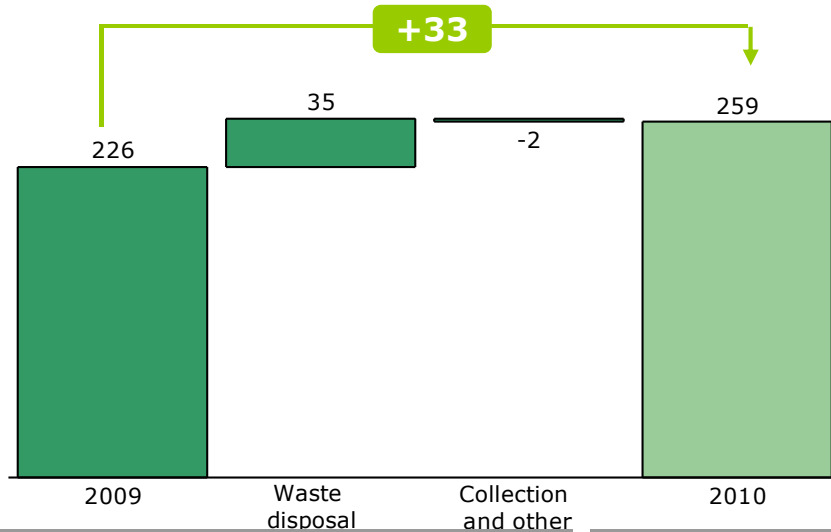


### ELECTRICITY (GWh)



# 2010 - Waste Results – One-off not included

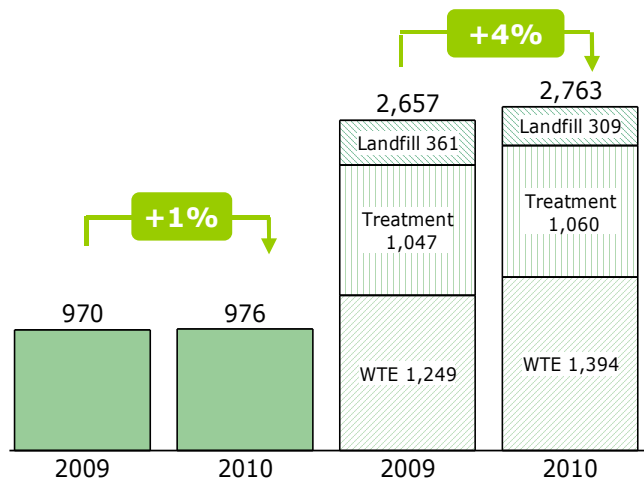
## EBITDA ADJUSTED (€M)



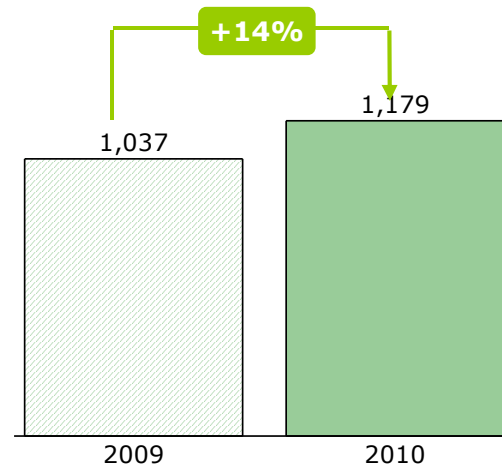
## KEY FACTS (vs 2009)

Waste disposal margin increase mainly due to Brescia WTE plant, halted during 2009 (February/April) for extraordinary maintenance, and Naples area contribution

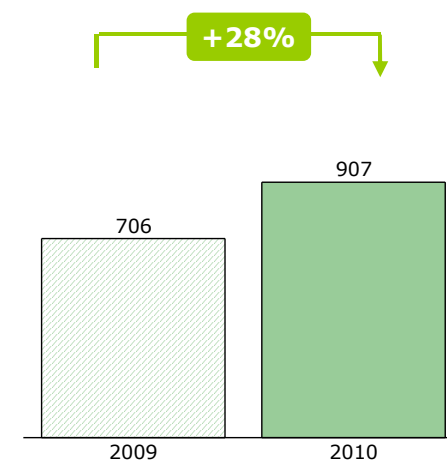
## WASTE VOLUMES (Kton)



## ELECTRICITY (GWh)



## HEAT PRODUCTION (GWht)

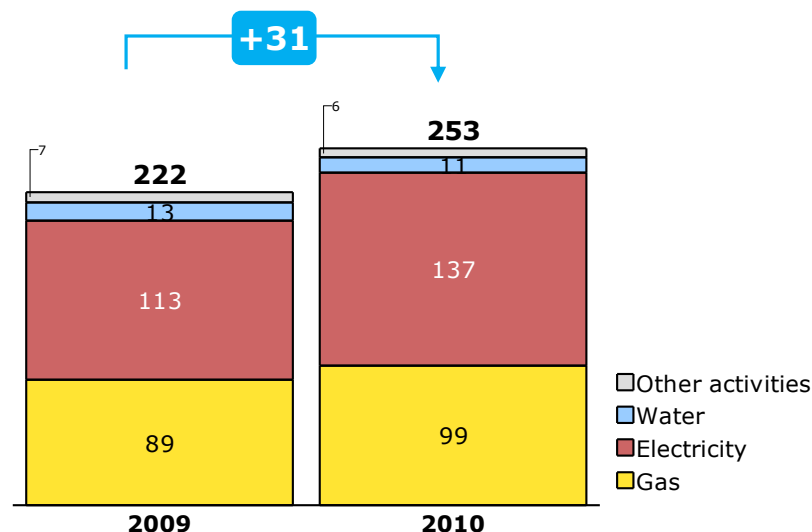


\* related to main municipalities (Milan, Brescia, Bergamo, Varese)

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# 2010 - Networks Results – One-off not included

## EBITDA ADJUSTED (€M)



## KEY FACTS (vs 2009)

### Electricity: +24 €M

Positive impact on Ebitda due to final determination of company equalisation items (specific company equalisation and lower costs related to other equalisation items)

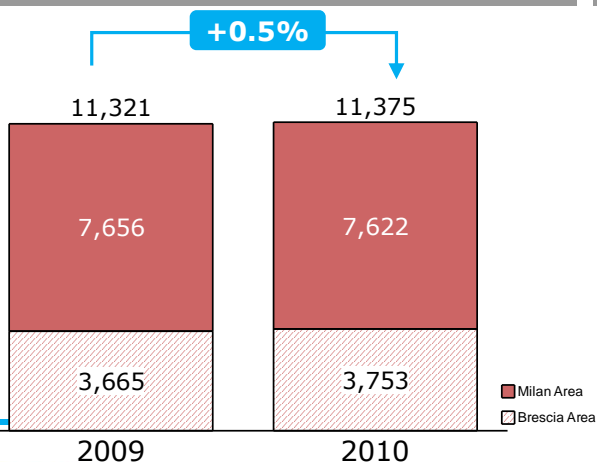
### Gas: +10 €M

The result includes the effect of the recent AEEG Deliberations arg/gas 115/10 which set the final gas distribution tariff

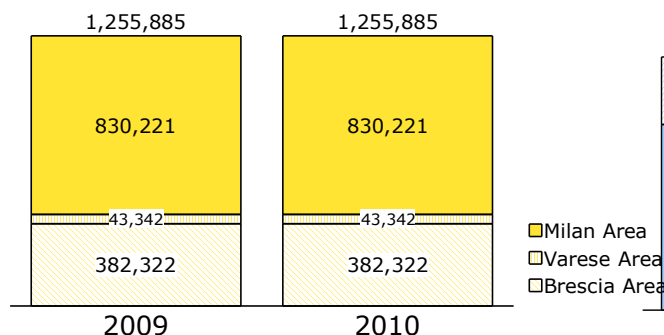
### Water: -2 €M

2010 result in line with 2009 result

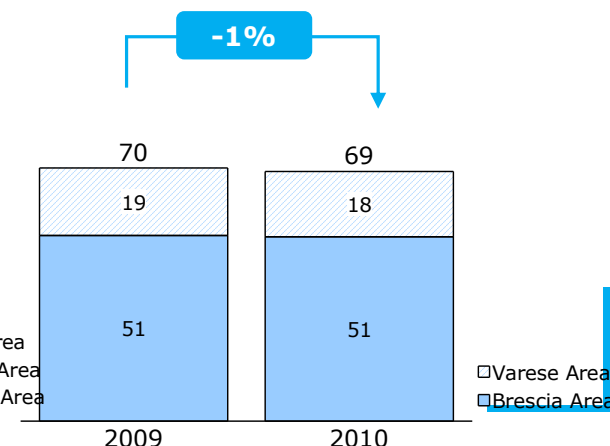
## ELECTRICITY (GWh)



## # POINTS OF SALES



## WATER (Mmc)



# 2010 – EPCG: Financial highlights and Volumes

## FINANCIAL HIGHLIGHTS (€M)



2010

**NET SALES**

**298**

**EBITDA**

**62**

*of which ELECTRICITY*

**38**

*of which NETWORKS*

**22**

*of which CORPORATE*

**2**

**EBIT**

**13**

**NET CAPITAL EMPLOYED**

**867**

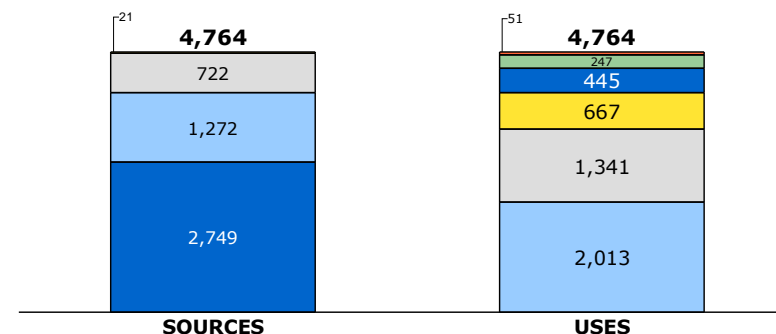
**NFP**

**(71)**

**EQUITY**

**938**

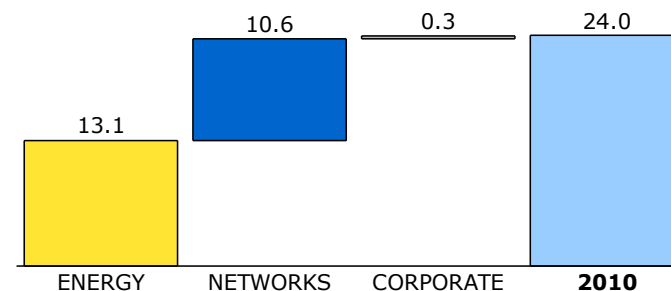
## VOLUMES (GWh)



- Hydro
- Thermal
- Imports
- Other

- Retail customers
- Business customers (Aluminium plant, Steelworks, Railways)
- Transmission losses
- Exports
- Electric Power Industry of Serbia
- Other

## CAPEX (€M)



# 2010 - From EBITDA to Net Income (1/2)

€M data	2009	2010	Change	Key points
<b>EBITDA</b>	<b>1,023</b>	<b>1,040</b>	<b>+17</b>	
<b>D&amp;A, Write Downs and Provisions</b>	<b>-414</b>	<b>-542</b>	<b>-128</b>	<i>€M 2010 depreciation of E.ON asset; -19 €M INPS fund release in 2009</i>
<b>Financial charges</b>	<b>-242</b>	<b>-142</b>	<b>+100</b>	<i>118 €M Fiscal Moratorium 96-99 recorded in 2009;</i>
<b>Derivatives/others</b>	<b>-35</b>	<b>+10</b>	<b>+45</b>	
<b>Associates and JV and others</b>	<b>+66</b>	<b>-231</b>	<b>-297</b>	<i>TdE effect</i>
<b>Others</b>	<b>-166</b>	<b>-1</b>	<b>+165</b>	<i>Fiscal Moratorium (AEM and ASM 96-99)</i>
<b>EBT</b>	<b>232</b>	<b>134</b>	<b>-98</b>	

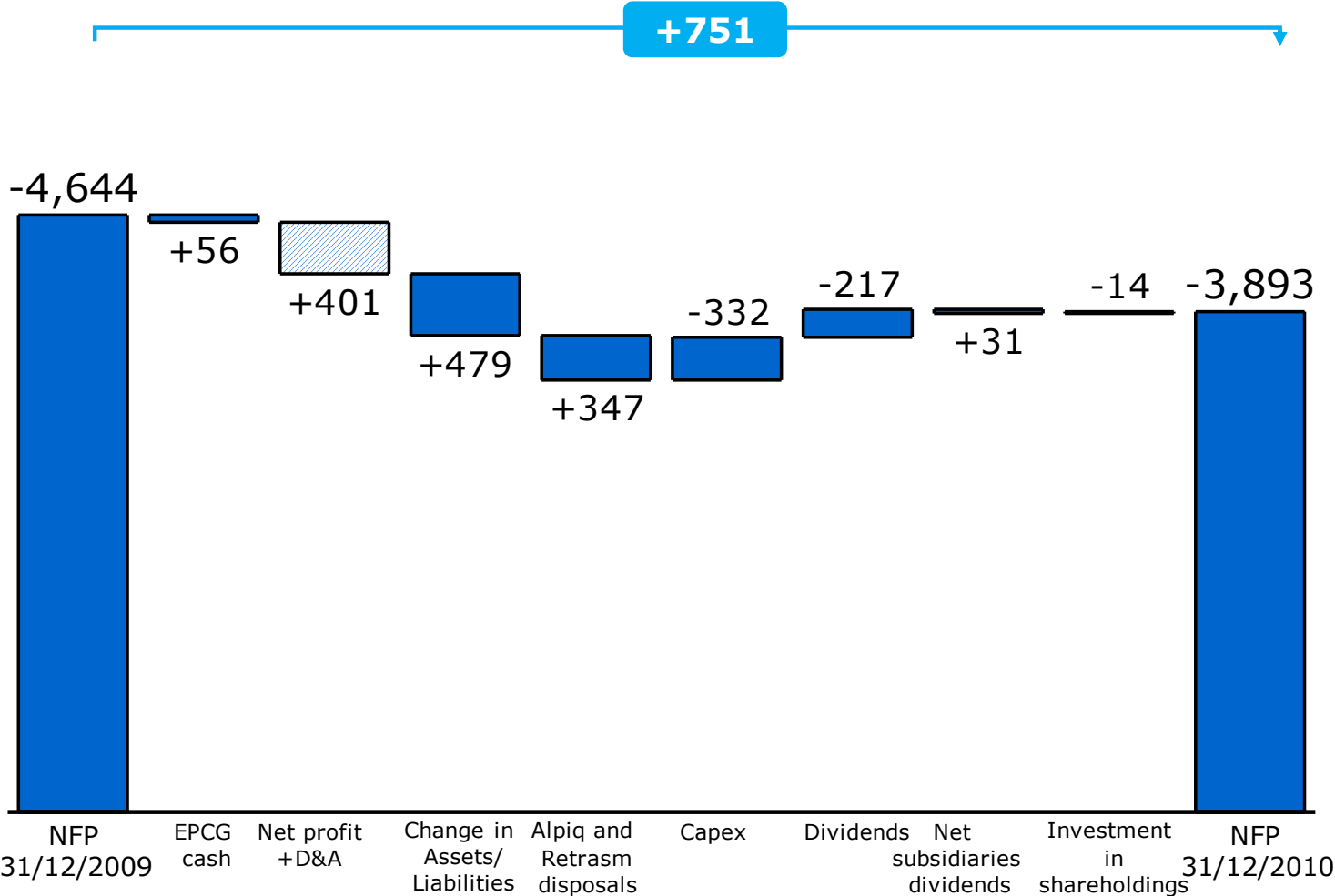


## 2010 - From EBITDA to Net Income (2/2)

€M data	2009	2010	Change	Key points
<b>EBT</b>	<b>232</b>	<b>134</b>	<b>-98</b>	
<b>TAXES</b>	<b>-144</b>	<b>-158</b>	<b>-14</b>	
<b>IFRS 5</b>	<b>19</b>	<b>220</b>	<b>+201</b>	<i>Alpiq transaction</i>
<b>MINORITIES</b>	<b>-27</b>	<b>+112</b>	<b>+139</b>	<i>TdE and Plurigas</i>
<b>NET INCOME</b>	<b>80</b>	<b>308</b>	<b>+228</b>	

# 2010 - Net Debt and Cash Flow

€M data



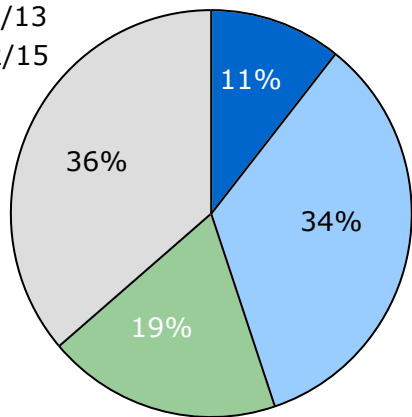
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# 2010 - Group Financial structure

## Total debt – Maturity

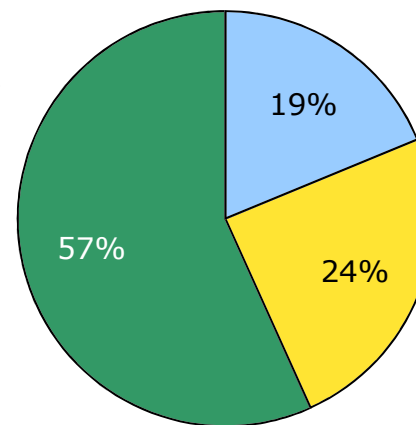
### DEBT MATURITY

- <31/12/2011
- 01/01/12-31/12/13
- 01/10/14-31/12/15
- >31/12/2015



### DEBT BREAKDOWN BY INTEREST

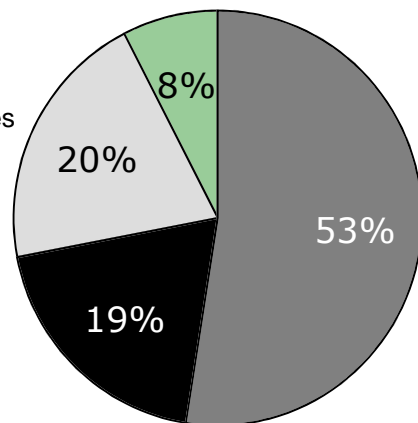
- Swap
- Variable
- Fixed



**TOTAL DEBT: 4.1 €B - AVG. MATURITY: 4.4 YEARS – UNDRAWN LINES\*: 2.7 €B –2010 AVG. RATE 2.96%**

### DEBT BREAKDOWN

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



### COMPANY'S CREDIT RATING



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

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**A3**  
**Outlook Negative**



*Epcg not included*  
 \* of which 2.4 €B committed lines, 0.3 €M loans