



A2A roadmap: deleveraging and cost cutting for a sustainable growth

November 2013



Agenda

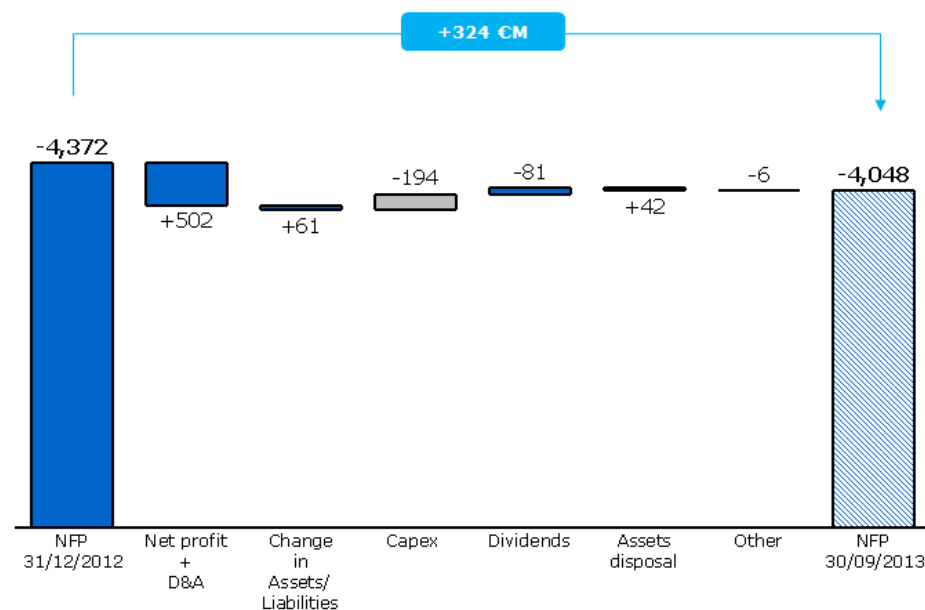
- **Last release (9M'13)** **pag. 3**
- **Business Plan 2013-2015 and strategic guidelines** **pag. 7**
- **Company back-up:**
 - A2A company overview **pag. 10**
 - Annual results **pag. 12**
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9M 2013 – Main financial highlights

€M	9M 2012*	9M 2013	Change	Change %
NET SALES	4,917	4,080	-837	-17.0%
EBITDA	776	839	+63	+8.1%
EBIT	405	407	+2	+0.5%
NET INCOME (capital gains and funds release included)	178	159	-19	-10.7%
CAPITAL GAINS and FUNDS RELEASE	88	37		
ADJUSTED NET INCOME	90	122	+32	+35.6%

	2012	9M 2013	Change
NET CAPITAL EMPLOYED	8,069	7,826	-243
TOTAL NFP	4,372	4,048	-324
EQUITY	3,697	3,778	+81



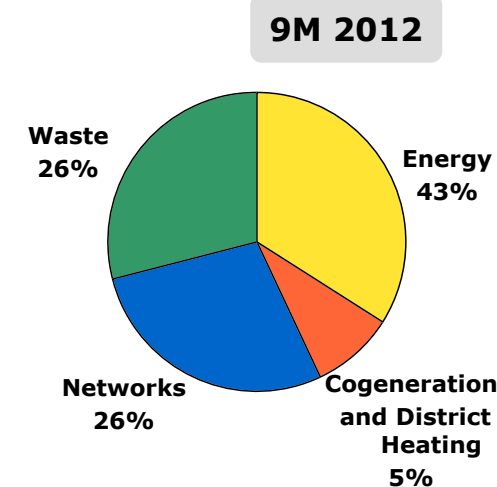
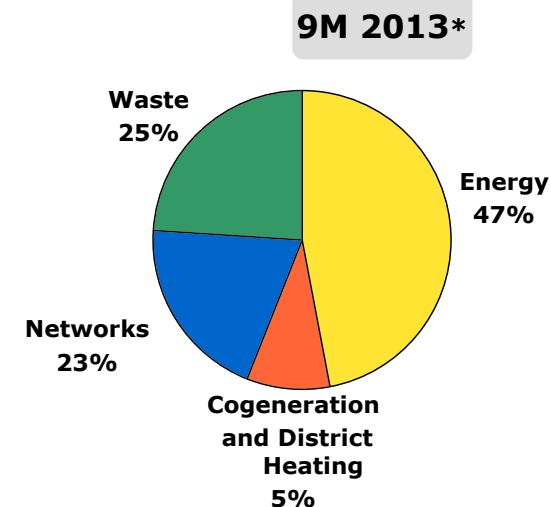
(*) 9M 2012 revised according to IAS 19

9M 2013 vs 9M 2012 - EBITDA breakdown

€M

	EBITDA 9M 2012	EBITDA 9M 2013	Δ vs 2012
ENERGY	332	406	74
WASTE	206	217	11
COGENERATION AND DISTRICT HEATING	36	48	12
NETWORKS	205	203	-2
OTHER SERVICES & CORPORATE	-3	-12	-9
TOTAL EBITDA PRE REDUNDANCY ADJ.	776	862	86
COSTS OF REDUNDANCY SCHEMES		-23	-23
TOTAL EBITDA	776	839	63

EBITDA BREAKDOWN



(*) Ebitda without costs of redundancy schemes

9M 2013 - From EBITDA to Net Income

€M data	9M 2012	9M 2013	Change	Key points
EBITDA	776	839	+63	
D&A, Write Downs and Provisions	-371	-432	-61	↓ Edipower consolidation ↓ 9M 2012 Epcg bad debt release (-15)
EBIT	405	407	+2	
Financial charges and derivates	-155	-142	+13	↓ Edipower consolidation and higher financial charges (-40) ↓ 2012 positive one-off (-28) ↑ Bond-fair value option (expiring in October 2013) (+28) ↑ Other derivatives (+51)
Associates & JV and others	+16	+8	-8	↓ 2012 Edipower valuation (-12)
Others	-	-6	-6	↓ 9M 2013 Epcg Group
EBT	266	267	+1	
TAXES	-128	-118	+10	
IFRS 5	+43	+23	-20	↑ 9M 2013 Small hydroelectric plants capital gain (+23) ↓ 9M 2012 e-Utile and Coriance capital gains (-41)
MINORITIES	-3	-13	-10	↓ 9M 2013 Epcg minorities income (-14)
NET INCOME	178	159	-19	

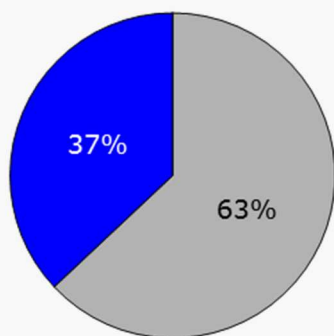
9M 2013 A2A Group debt structure

9M 2013 GROSS DEBT - 4.6 €B

AVERAGE RATE

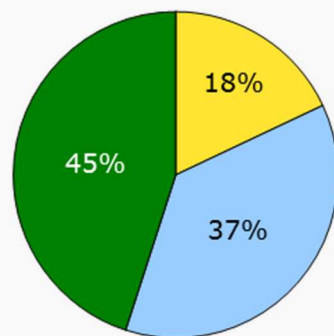
~4.2%

DEBT BREAKDOWN BY SOURCES



□ Bonds ■ Loans

DEBT BREAKDOWN BY INTEREST



■ Variable □ Fixed ■ Hedged

Q3 2013 KEY FACTS

In July, issued 500 €M 7yr-long Senior bond, and partial repurchase of ~440 €M of outstanding notes due 2014 and 2016:

➤ **proforma average maturity after the repayment of the 500 €M bond due October 2013: ~5.1 yrs**

LIQUIDITY POSITION

2.4 €B liquidity position, of which:

- 0.6 €B cash
- 1.8 €B undrawn committed lines and loans, of which 1.2 €B with maturities longer than the next 12 months

OUTSTANDING BONDS as of 30/9/2013

Amount (€M)	Coupon	Maturity
500	4.875%	Oct 2013
299	4.875%	May 2014
762	4.500%	Nov 2016
750	4.500%	Nov 2019
500	4.375%	Jan 2021
98	5.405%	Aug 2036
Total: 2,909		

Note: EPCG not included.

500 €M bond due 2013, reimbursed on October 30, 2013.

Roadmap for strategy implementation 2013-15 Business Plan (November 2012)

BUSINESS PLAN 2013-2015

CONSOLIDATION

1. **Balance sheet optimization and deleveraging**
2. **Waste project**
3. **Edipower integration**
4. **Operating efficiency and capital discipline**

MEDIUM/LONG TERM

GROWTH

- **Boost industrial growth through the financial stability achieved via consolidation**
- **Invest on key priority areas:**
 - Waste industrial plants
 - Cogeneration and district heating systems
 - Repowering of power production plants

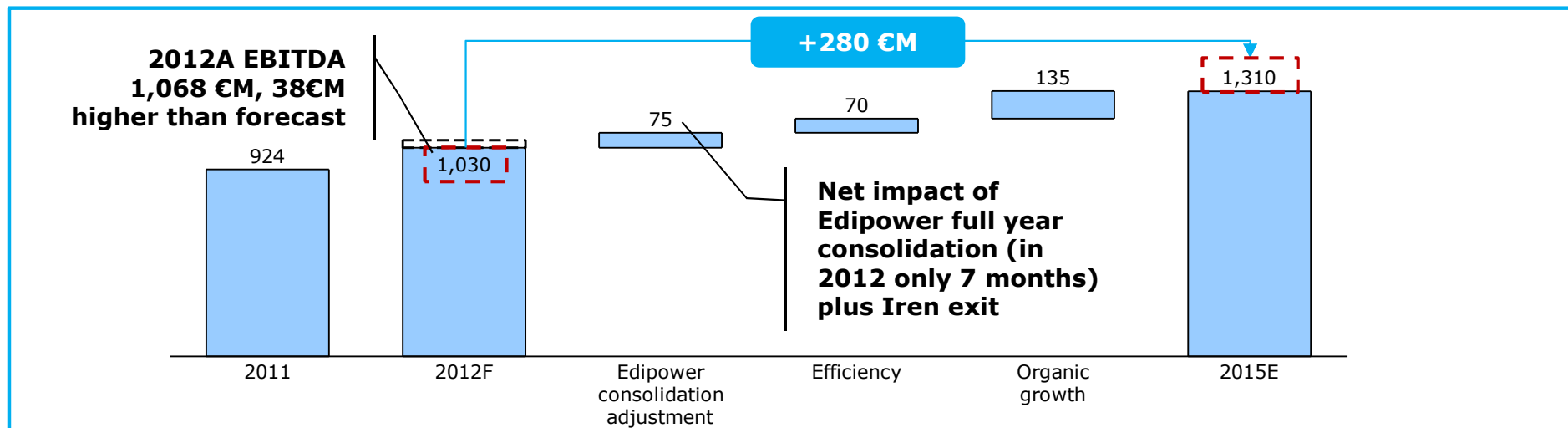
✓ **Significant achievements already obtained in each priority area**

✓ **New business plan update in progress: due in Spring 2014**

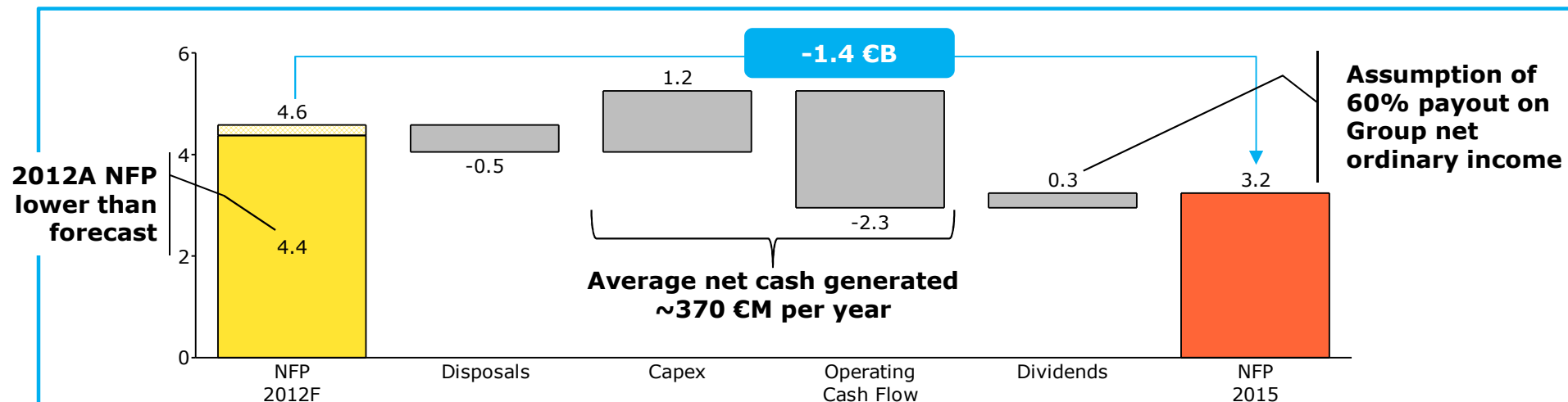
Evolution of A2A EBITDA and NFP

Expected evolution in 2012-2015

A2A EBITDA EVOLUTION 2012-2015 (€B)



A2A GROUP NET FINANCIAL POSITION 2012-2015 (€B)



Note: Coriance not included in 2011 and 2012 results

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2013-2015 Business plan

Main projects update

Main points

1. Balance sheet optimization and deleveraging

Activities performed / in progress

- **Deleveraging:**
 - **>500 €M** debt reduction from BP kick-off
 - **~800 €M** debt reduction since the acquisition of Edipower
- **Financial structure optimization:**
 - **2 bonds for 1.25 B€, New 5-year revolving credit line of 600 €M, 1 tender offer for the partial purchase (~440 M€) of A2A 500 €M notes due 2014 and 1 €B Notes due 2016**
 - Average **debt maturity up to 5.1 years** after the repayment of 500 €M bond expired in October 2013

Progress

0% 100%

2. Waste project

- **A2A Ambiente established** as of July
- **Integrated management** of waste **activities ongoing**

0% 100%

3. Edipower integration

- As of 1st November:
 - **Iren exit from Edipower's shareholding, with A2A managing the entire company installed capacity**
 - **Integration of Edipower corporate structures in A2A**
- **Edipower cost efficiency plan ongoing**

0% 100%

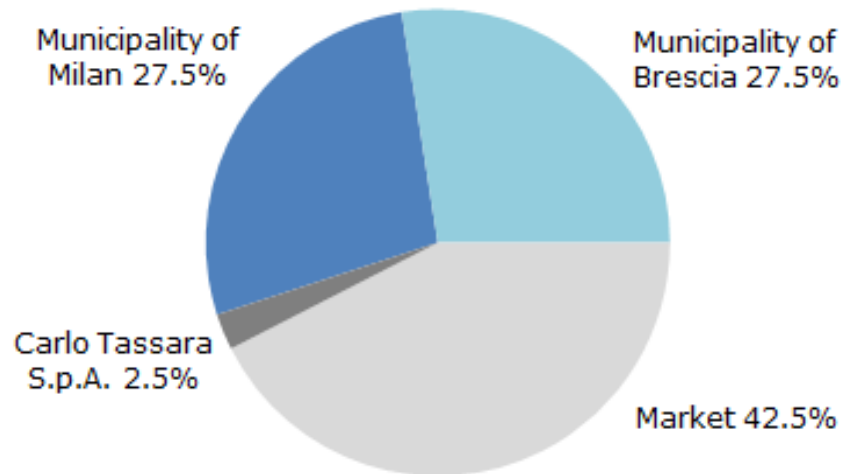
4. Operating efficiency and capital discipline

- **"AXE 80" (A2A per l'Efficienza) project launched, involving all company structures**
- **2013 target widely achieved already in Q3**

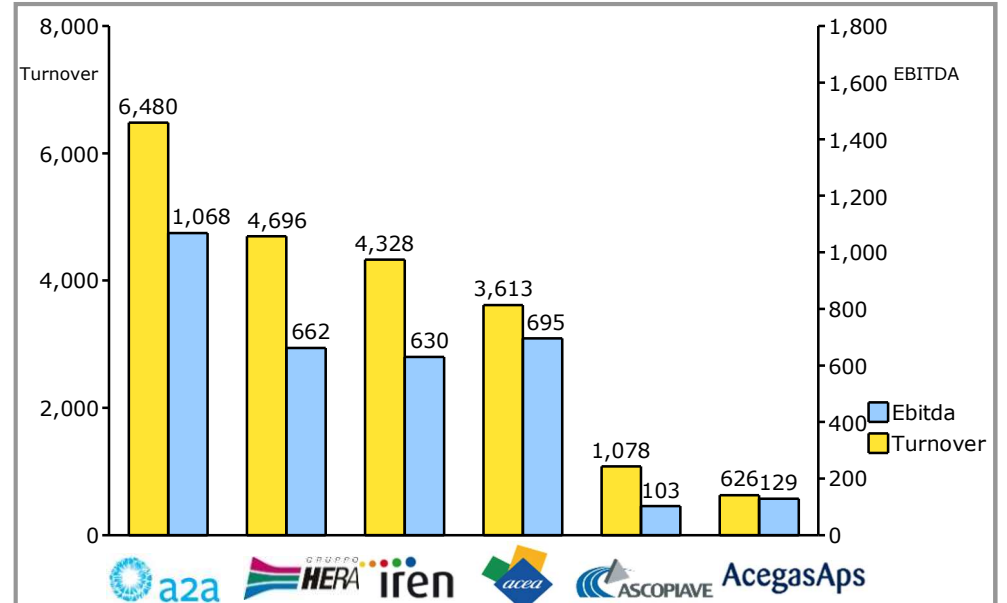
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A2A Group: shareholding structure and ranking in Italy's utility market

A2A SHAREHOLDING STRUCTURE



MAJOR LISTED UTILITIES (2012; €M)

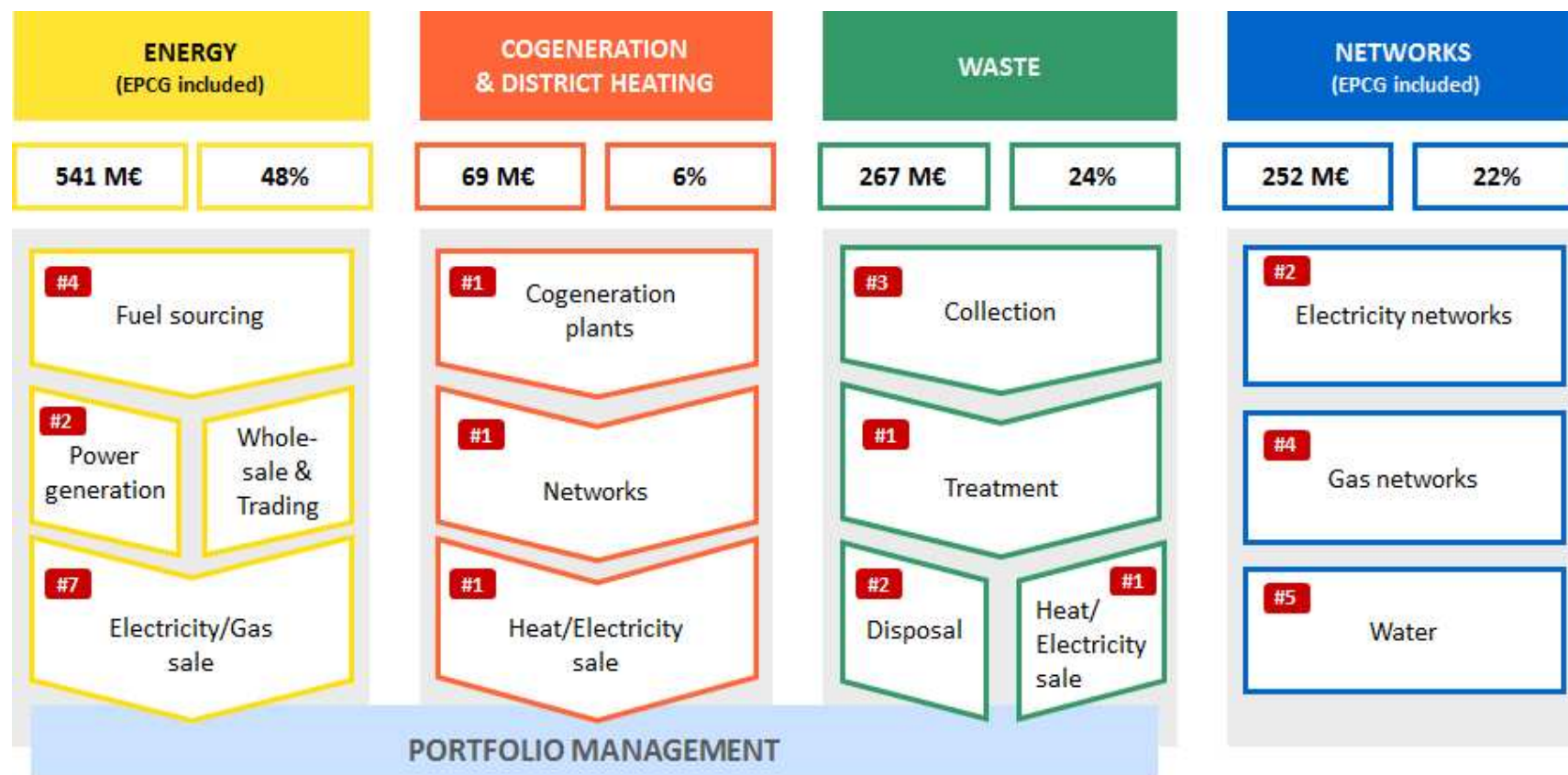


- **Leading multi-utility in Italy**, with a turnover of ~ 6.5 €B and an EBITDA of over 1 €B
- Born from the merger of **AEM**, **ASM** and **Amsa** with a history of over 100 years
- **Jointly controlled by Brescia and Milan municipalities**
- **Loyal customer base** mainly in **Northern Italy** and **plants** throughout **the whole country**
- At December 31, 2012:
 - **Share capital:** 3,132,905,277 shares with a par value of 0.52 euro each
 - **Market cap:** 1,370 €M
 - **Treasury shares:** 26,917,609, equal to 0.86% of the share capital

Diversified energy-related business portfolio

A2A is characterized by a balanced and diversified business mix which considerably lowers economic risk profile. Large scale renewable productions (hydroelectric, WTE), high efficiency production (cogeneration with lower CO2 emissions) and innovative technologies to increase energy savings contribute to A2A commitment to environment sustainability

- Group EBITDA* spread among 4 major business areas
- Less than 50% 2012 Industrial Ebitda is due to energy sector



Ranking in Italy

RANKING CRITERIA	ELECTRICITY			COGENERATION & DISTRICT HEATING			WASTE			NETWORKS			
	Fuel sourcing	Power generation	Electricity/Gas sale	Cogeneration plants	Networks	Heat/Electricity sale	Collection	Treatment	Disposal	Heat/Electricity sale	Electricity networks	Gas networks	Water
	volumes	installed capacity (GW)	market share	installed capacity (GW)	length (Km)	volume served (cm)	volumes (ton)	EBITDA	volumes (ton)	production (GWh)	electricity distributed (GWh)	volume served (cm)	volume served (cm)

(*) Industrial EBITDA, excluding regulatory impacts (-54 €M) and Ebitda from "Other services & Corporate" (-7 €M)

Sources: AEEG and Company Annual Reports

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2012 - Main financial highlights

€M	2011*	2012	Change	Change %
NET SALES	6,130	6,480	+350	+5.7%
EBITDA	924	1,068	+144	+15.6%
EBIT	298	501	+203	+68.1%
NET INCOME	-423	260	+683	-
	2011*	2012	Change	
NET CAPITAL EMPLOYED	7,614	8,069	+455	
TOTAL NFP	4,021	4,372	+351	
OF WHICH EDIPOWER ACQUISITION IMPACT			+1,083	
OF WHICH NET CASH GENERATION			-732	
EQUITY	3,593	3,697	+104	
NFP/EBITDA	4.4x	4.1x		

- +959 €M first consolidation of Edipower NFP
- +124 €M share of Edipower acquisition

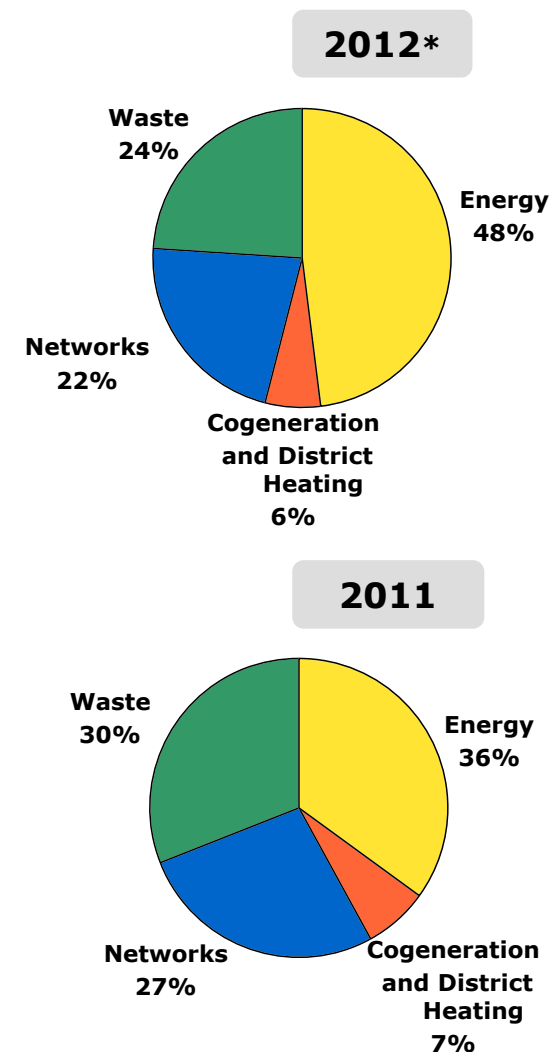
(*) Coriance reclassified according to IFRS5

2012 vs 2011 - EBITDA breakdown

€M

	EBITDA 2011	EBITDA 2012	Δ vs 2011	KEY POINTS
ENERGY	336	541	205	<ul style="list-style-type: none"> ↑ Edipower consolidation (7 months) ↑ Higher coal plant profitability ↑ Higher marketing margins ↑ Gas supply strategy ↑ Epcg higher idraulicity
WASTE	287	267	-20	<ul style="list-style-type: none"> ↓ Expiry of Cip6 revenues (WTE plants) ↓ Bergamo WTE plant halt for extraordinary maintenance
COGENERATION AND DISTRICT HEATING	67	69	2	<ul style="list-style-type: none"> ↑ Increase of customers (+13% heated volumes) ↓ Lower electricity revenues
NETWORKS	259	252	-7	<ul style="list-style-type: none"> ↓ Non current items ↑ Gas revenues
OTHER SERVICES & CORPORATE	-25	-7	18	<ul style="list-style-type: none"> ↑ Non current items ↑ Cost savings
TOTAL INDUSTRIAL EBITDA	924	1,122	198	
REGULATORY IMPACTS		-54	-54	
TOTAL EBITDA	924	1,068	144	

EBITDA BREAKDOWN



(*) Industrial Ebitda



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Appendix: 9M2013 - Quarterly operating data

ENERGY (Italy)

ELECTRICITY VOLUMES

Sources

GWh	9M'12	9M'13
Net Production⁽¹⁾	9,862	9,175
- thermoelectric	7,173	5,501
* CCGT production	4,801	2,936
* Coal production	1,979	1,717
* Oil production	393	848
- hydroelectric	2,689	3,671
- photovoltaic	-	3
Purchases	25,581	26,487
- Single Buyer	2,226	2,007
- Ipxex	2,165	2,113
- Foreign Markets	9,339	9,835
- Domestic Purchases and other ⁽²⁾	6,108	7,821
- Intermediated Ipxex volumes	5,744	4,711

TOTAL SOURCES 35,443 35,662

USES

GWh	9M'12	9M'13
- Captive Customers	2,226	2,007
- Eligible, Wholesale and other ⁽²⁾	14,558	15,474
- IPEX	3,993	4,842
- Foreign Markets	8,923	8,628
- Intermediated Ipxex volumes	5,744	4,711

TOTAL USES 35,443 35,662

GAS VOLUMES

Sources

Mcm	9M'12	9M'13
- Procurement	4,233	2,424
- Other ⁽³⁾	1	-47

TOTAL SOURCES 4,234 2,377

Uses

Mcm	9M'12	9M'13
- Retail	1,108	984
- Wholesale	2,065	687
- Thermoelectric	974	614
- Heat	87	92

TOTAL USES 4,234 2,377

(1) In 2013, the Edipower production includes 77% of production of the plants managed in tolling regime and 100% of production of the S. Filippo del Mela, Turbigio (groups 1-2-3) and Brindisi thermoelectric plants and some hydroelectric and photovoltaic plants. Until May 2012, the Edipower production includes 20% of production of the plants managed in tolling regime

(2) Sleeve

(3) Withdrawals from stock and internal consumption

EPCG (Montenegro)

ELECTRICITY VOLUMES

Sources

GWh	9M'12	9M'13
Net Production	1,794	2,888
- thermoelectric	864	919
- hydroelectric	930	1,969
Import and other sources	1,363	230
- Import	851	144
- EPS (Serbian Electricity Company)	483	62
- Other sources	29	24

TOTAL SOURCES 3,157 3,118

Uses

GWh	9M'12	9M'13
- Domestic market consumption	2,934	2,312
- Transmission losses	115	112
- Export	25	502
- EPS (Serbian Electricity Company)	46	124
- Other	37	68

TOTAL USES 3,157 3,118

WASTE

ELECTRICITY AND HEAT PRODUCTION

GWh	9M'12	9M'13
- electricity production ⁽⁴⁾	869	831

GWht	9M'12	9M'13
- heat production	654	738

WASTE TREATMENT

Kton	9M'12	9M'13
- waste collected	674	661
- waste treatment	1,828	1,875
* WTE	969	939
* landfill	107	134
* treatment	752	802

(4) Partenope Ambiente not included

(5) The figure includes heat production of Nord Brescia, Canavese and Novate cogeneration plants and other minor cogeneration and thermal plants located in Milan, Brescia and Bergamo areas

(6) The figure refers to heat production of WTE and Cassano plants

COGENERATION & DISTRICT HEATING

HEAT PRODUCTION AND SALES

Sources

GWht	9M'12	9M'13
Net Production	711	798
- Lamarmora	296	320
- Famagosta	86	93
- Tecnocity	40	48
- Varese Risorse	59	65
- other plants ⁽⁵⁾	230	272
Purchases from other sector ⁽⁶⁾	538	582
Purchases from third parties	150	177

TOTAL SOURCES 1,399 1,557

Uses

GWht	9M'12	9M'13
- Sales to final clients	1,399	1,557

TOTAL USES 1,399 1,557

ELECTRICITY PRODUCTION

GWh	9M'12	9M'13
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Net Production 191 196

NETWORKS

ELECTRICITY

GWh	9M'12	9M'13
- electricity distributed (Italy)	8,541	8,301
- electricity distributed (Montenegro)	1,953	1,897

GAS

Mmc	9M'12	9M'13
- gas distributed	1,329	1,365
- gas transported	271	278

WATER

Mmc	9M'12	9M'13
- water distributed	52	48

2012 - Annual operating data

ENERGY (Italy)

ELECTRICITY VOLUMES

Sources

GWh	FY'11	FY'12
Net Production	11,735	13,392
- thermoelectric	8,210	9,362
* of which Edipower ⁽¹⁾	1,918	4,193
- hydroelectric	3,525	4,028
* of which Edipower ⁽¹⁾	452	1,378
- photovoltaic	-	2
Purchases	37,108	35,324
- Single Buyer	2,983	2,954
- IpeX	3,238	2,918
- Foreign Markets	14,898	12,650
- Domestic Purchases and other ⁽²⁾	7,269	9,121
- Intermediated IpeX volumes	8,720	7,681
TOTAL SOURCES	48,843	48,716

USES

GWh	FY'11	FY'12
- Captive Customers	2,983	2,954
- Eligible, Wholesale and other ⁽²⁾	20,663	20,710
- IPEX	4,483	5,388
- Foreign Markets	11,994	11,983
- Intermediated IpeX volumes	8,720	7,681
TOTAL USES	48,843	48,716

GAS VOLUMES

Sources

Mcm	FY'11	FY'12
- Procurement	5,680	5,064
- Other ⁽³⁾	-113	145
TOTAL SOURCES	5,567	5,209

Uses

Mcm	FY'11	FY'12
- Retail	1,684	1,607
- Wholesale	2,473	2,241
- Thermoelectric	1,287	1,222
- Heat	123	139
TOTAL USES	5,567	5,209

EPCG (Montenegro)

ELECTRICITY VOLUMES

Sources

GWh	FY'11	FY'12
Net Production	2,656	2,715
- thermoelectric	1,452	1,245
- hydroelectric	1,204	1,470
Import and other sources	2,064	1,569
- Import	1,371	957
- EPS (Serbian Electricity Company)	651	574
- Other sources	42	38
TOTAL SOURCES	4,720	4,284

Uses

GWh	FY'11	FY'12
- Domestic market consumption	4,052	3,769
- Transmission losses	159	154
- Export	411	208
- EPS (Serbian Electricity Company)	71	98
- Other	27	55
TOTAL USES	4,720	4,284

WASTE

ELECTRICITY AND HEAT PRODUCTION

GWh	FY'11	FY'12
- electricity production ⁽⁴⁾	1,209	1,143

GWht	FY'11	FY'12
- heat production	899	1,024

WASTE TREATMENT

Kton	FY'11	FY'12
- waste collected	949	910
- waste treatment	2,626	2,457
* WTE	1,381	1,298
* landfill	213	136
* treatment	1,032	1,022

(1) As of June 2012, Edipower electricity production included in A2A portfolio is equal to 77% (20% previously)

(2) Sleeve

(3) Withdrawals from stock and internal consumption

(4) Partenope Ambiente not included

(5) Coriance figures not included

(6) The figure includes heat production of Nord Brescia, Canavese and Novate cogeneration plants and other minor cogeneration and thermal plants located in Milan, Brescia and Bergamo areas

(7) The figure refers to heat production of WTE and Cassano plants

NETWORKS

ELECTRICITY

GWh	FY'11	FY'12
- electricity distributed (Italy)	11,489	11,361
- electricity distributed (Montenegro)	2,564	2,596

GAS

Mmc	FY'11	FY'12
- gas distributed	2,011	2,010
- gas transported	393	400

WATER

Mmc	FY'11	FY'12
- water distributed	69	69

COGENERATION & DISTRICT HEATING

HEAT PRODUCTION AND SALES

Sources

GWht	FY'11 ⁽⁵⁾	FY'12
Net Production	1,064	1,128
- Lamarmora	474	480
- Famagosta	141	140
- Tecnocity	71	61
- Varese Risorse	87	89
- other plants ⁽⁶⁾	292	359
Purchases from other sector ⁽⁷⁾	778	835
Purchases from third parties	236	254
TOTAL SOURCES	2,078	2,217

Uses

GWht	FY'11	FY'12
- Sales to final clients	2,078	2,217
TOTAL USES	2,078	2,217

ELECTRICITY PRODUCTION

GWh	FY'11	FY'12
Net Production	299	310

Annual Energy Scenario (2008-2012)

ENERGY SCENARIO		2008	2009	2010	2011	2012
Brent	\$/bbl	98.4	62.6	80.3	110.8	111.7
€/€	€/€	1.5	1.4	1.3	1.4	1.3
Brent €	€/bbl	66.0	44.6	60.6	79.6	86.8
Gas cost (PSV)	c€/mc	n.a.	20.5	23.7	29.8	30.5
Coal €	€/Tonn	99.1	50.7	69.6	87.3	71.9
CO2 - average system cost	€/Tonn	22.3	13.3	14.5	13.2	7.5
GC - average system cost	€/MWh	85.4	85.1	84.0	81.0	74.6
PUN⁽¹⁾ baseload	€/MWh	87.0	63.8	64.1	72.2	75.5
PUN peakload	€/MWh	112.7	82.4	76.2	82.2	85.4
PUN off-peak	€/MWh	72.5	53.4	57.4	66.6	70.0
Clean spark spread CCGT⁽²⁾ vs Baseload	€/MWh	16.1	8.6	12.8	9.7	11.7
Clean spark spread CCGT⁽²⁾ vs Peakload	€/MWh	41.9	27.2	24.9	19.7	21.6
Total domestic installed capacity	MW	102,339	105,186	110,290	122,302	128,134
CCGT domestic installed capacity	MW	28,580	30,306	32,935	32,935	33,685
Renewables domestic installed capacity ⁽³⁾	MW	23,859	26,519	30,284	41,399	47,345
of which:						
- Wind	MW	3,538	4,898	5,814	6,936	8,119
- Solar	MW	432	1,144	3,470	12,773	16,420
Italian electricity demand	GWh	339,481	320,268	330,455	334,640	325,259
Gas nominal import capacity⁽⁴⁾	mln cm/day	303.5	335.2	335.6	338.0	338.0
Gas electricity demand	mln cm	84.9	77.5	83.1	77.9	74.9
of which:						
- Residential & commercial	mln cm	30.2	31.1	33.9	30.8	31.2

(1) Italian National Price of the electricity

(2) CCGT gas cost based on company estimates; spark spread net of environmental costs (CO2 + GC)

(3) The figures include biomass, biogas and bioliquids; source: GSE

(4) Yearly figures are extrapolated from the thermal year (Oct-Sep); source: Snam