

A2A - Q1 2008 Results

Conference call

Milan, May 15th 2008



Agenda

- New accounting policy
- Q1 2008 Results
- Segment Analysis

New accounting policy

WHEN

Q1 2008

HOW

equity method applied to all JV's, in accordance with IAS 8 and IAS 31

WHY

focus on business directly managed by the Group

different approach by IASB in the *Exposure Draft* n. 9 ("*Joint Arrangement*")* and convergence to USGAAP

* *Most probably to be issued in 2009*

Change in accounting policy and Scope of consolidation

	New accounting policy						Previous accounting policy		
	Q1 2008- Q1 2007 Pro-forma			Q1 2007 restated			Q1 2007*		
	CONSOLIDATED ON.. BASIS	INCOME STATEMENT	NET RESULT	CONSOLIDATED ON.. BASIS	INCOME STATEMENT	NET RESULT	CONSOLIDATED ON.. BASIS	INCOME STATEMENT	NET RESULT
A2A subsidiaries	<i>Line by line</i>	100%	100%				<i>Line by line</i>	100%	100%
AEM subsidiaries**				<i>Line by line</i>	100%	100%	<i>Line by line</i>	100%	100%
Ecodeco	<i>Line by line</i>	100%	100%**	<i>Line by line</i>	100%	30%	<i>Line by line</i>	100%	30%
Plurigas	<i>Line by line</i>	100%	70%	<i>Equity</i>	-	40%	<i>Proportional</i>	40%	40%
Edipower	<i>Equity</i>	-	20%	<i>Equity</i>	-	20%	<i>Proportional</i>	20%	20%
Ergon Energia***	<i>Equity</i>	-	50%						
Delmi	<i>Line by line</i>	100%	51%	<i>Line by line</i>	100%	51%	<i>Line by line</i>	100%	51%
TdE	<i>Equity</i>	-	25.5%	<i>Equity</i>	-	25.5%	<i>Proportional</i>	50%	25.5%
Edison	<i>Equity</i>	-	15.3%**	<i>Equity</i>	-	16.2%	<i>Proportional</i>	50%	16.2%

* ISSUED ON MAY 15th, 2007
 ** PERCENTAGE IN "Q1 2007 PRO FORMA" ARE AS PER "Q1 RESTATED"
 *** ERGON PROPORTIONALLY CONSOLIDATED BY ASM IN 2007

CHANGE IN ACCOUNTING POLICY
 CHANGE IN SCOPE OF CONSOLIDATION OR PERCENTAGE

Agenda

- New accounting policy
- Q1 2008 Results
- Segment Analysis

A2A – Main financial highlights

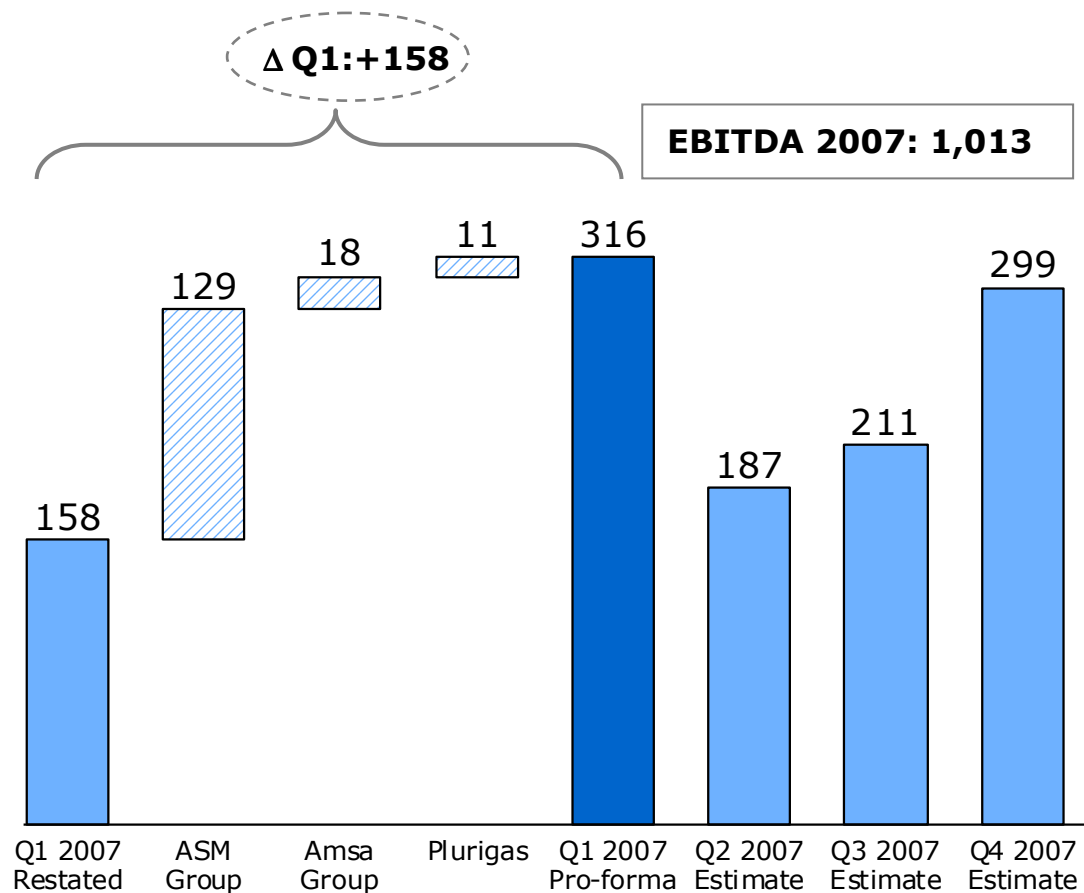
€M data	Q1 2007 Pro-forma	Q1 2008	Change	Change %	Q1 2007 Restated
NET SALES	1,537	1,665	+128	+8.3%	723
EBITDA	316	317	+1	+0.3%	158
EBIT	241	233	-8	-3.3%	118
NET INCOME	146	143	-3	-2.0%	64
	end 2007 Pro-forma*	Q1 2008	Change		end 2007 Restated
NET CAPITAL EMPLOYED	8,054	7,949	-105		5,148
NFP	(3,349)	(3,088)	-261		(2,094)
EQUITY	4,705	4,861	+156		3,054
NFP/EQUITY	0.71x	0.64x			0.69x

*including €M85 extraordinary dividends

A2A – Focus on 2007 Pro-forma EBITDA

€M data

Q1 EBITDA Restated	158
Change	158
Q1 EBITDA Pro-forma	316

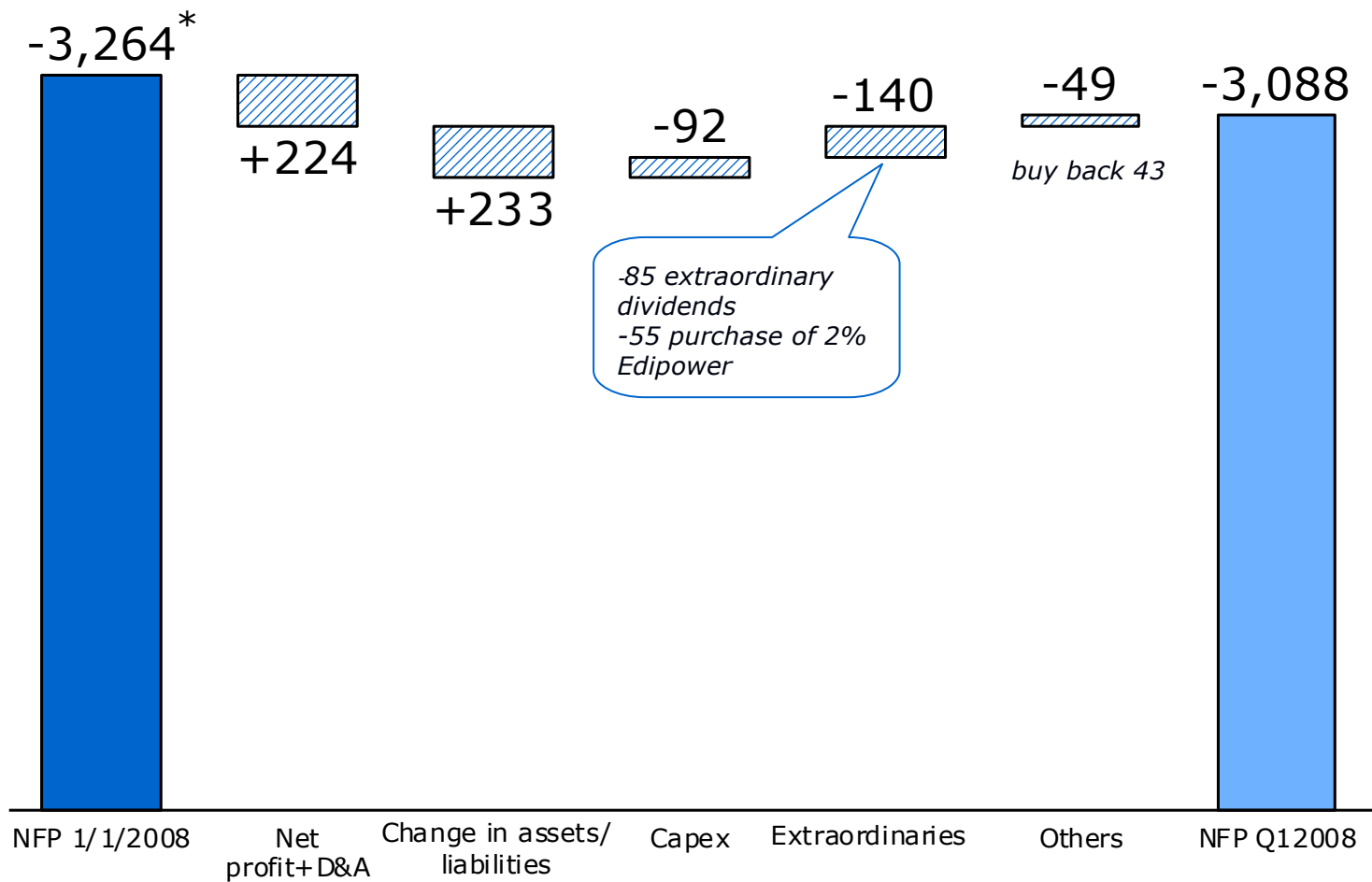


A2A – From Ebitda to Net Income

€M data	Q1 2007 Pro-forma	Q1 2008	Change	Key point	Q1 2007 Restated
EBITDA	316	317	+1		158
D&A, Writedowns and Provisions	-75	-84	-9	<i>Amort. Hydro</i>	-40
EBIT	241	233	-8		118
Financial charges	-38	-44	-6	<i>Debt</i>	-26
Associates and JV and others	+43	+26	-17		+22
TAXES	-84	-66	+18	<i>Tax rates</i>	-36
MINORITIES	-16	-6	+10		-14
NET INCOME	146	143	-3		64

A2A – Net Debt and Cash Flow

€M data



* Excluding €M85 extraordinary dividends

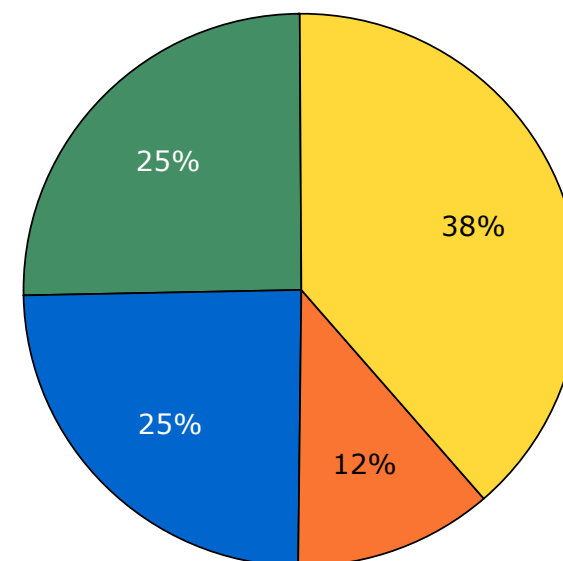


Agenda

- New accounting policy
- Q1 2008 Results
- Segment Analysis

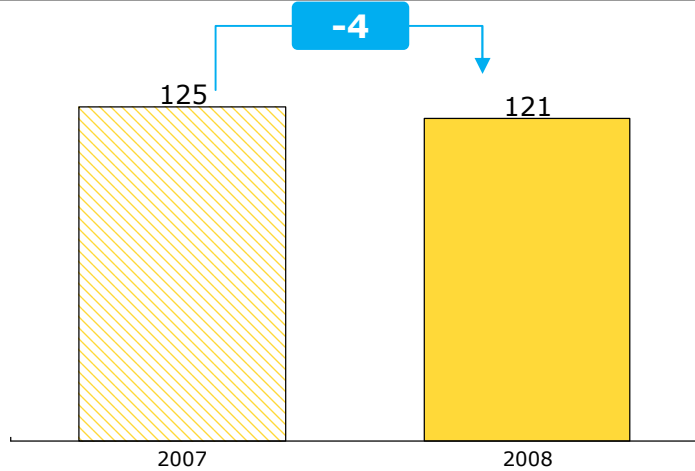
2007-2008 Pro-forma EBITDA breakdown

€M data	EBITDA Q1 2007	EBITDA Q1 2008	Δ	EBITDA BREAKDOWN Q1 2008
ENERGY	125	121	-4	
DISTRICT HEATING	32	38	+6	
WASTE	83	80	-3	
NETWORKS	77	78	+1	
CORPORATE & OTHER SERVICES	-1	0	+1	
TOTAL	316	317	+1	



Q1 2007-2008 Results - Energy

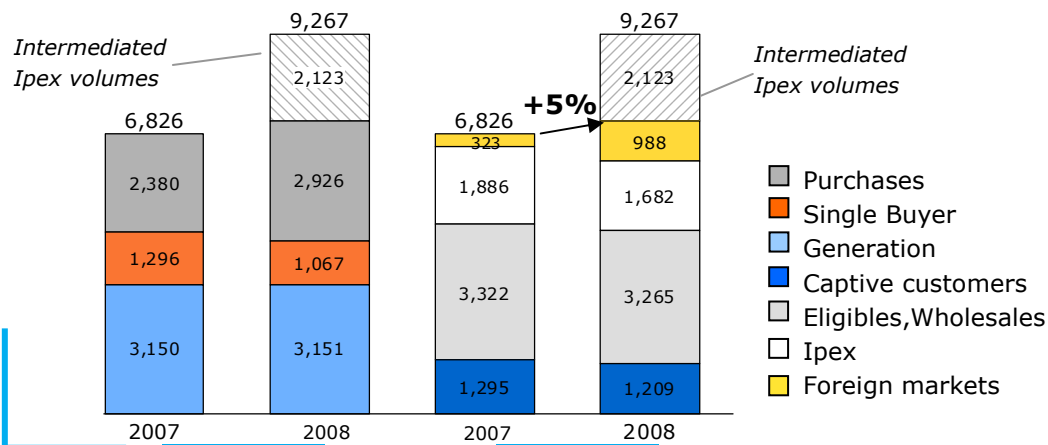
EBITDA (€M)



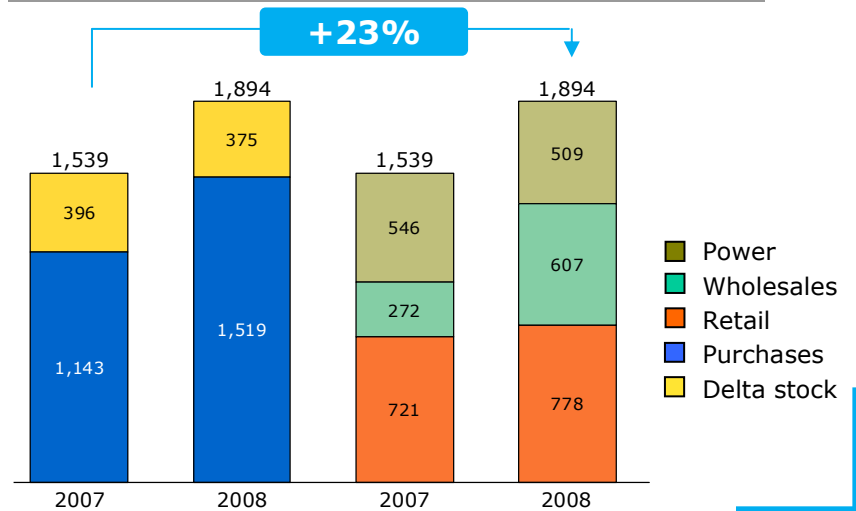
SCENARIO

Electricity		Q1 2007	Q1 2008	Δ%
Brent	\$/bbl	58.64	96.46	64%
€/\$	€/€	1.31	1.50	15%
Brent €	€/bbl	44.73	64.28	44%
PUN BL	€/MWh	69.19	80.76	17%
PUN Peak	€/MWh	102.56	104.11	2%
Spark Spread CCGT	€/MWh	16.89	20.75	23%
Spark Spread CCGT vs Peakload	€/MWh	50.26	44.10	-12%
Spark Spread CCGT- CCGT Environment costs	€/MWh	12.97	16.57	28%

ELECTRICITY (GWh)

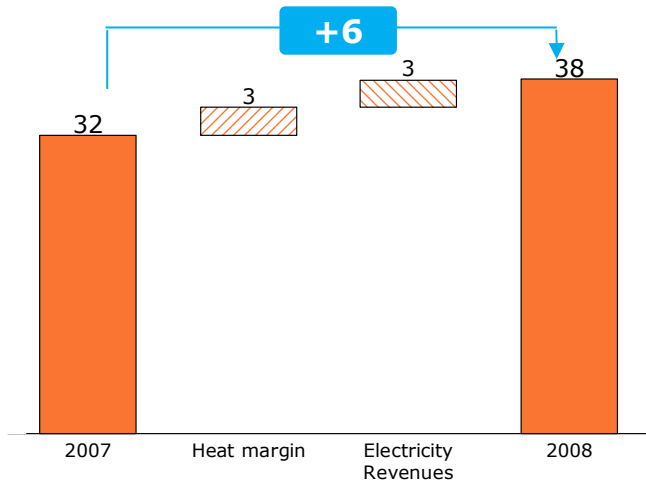


GAS (Mmc)



Q1 2007-2008 Results – District heating

EBITDA (€M)



KEY FACTS

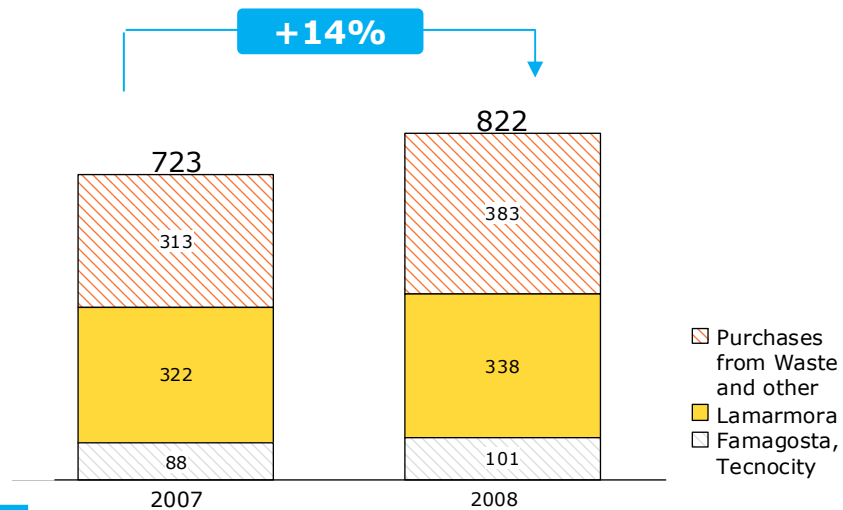
✓ Heat margins

Positive impact on EBITDA due to the increase in heat sales compared to the same period of 2007, characterized by an exceptionally mild weather

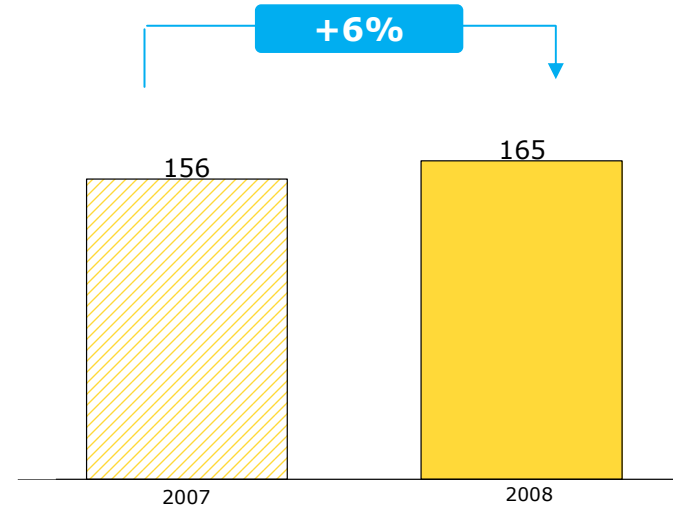
✓ Electricity

Increasing margin due to the positive trend of IPEX prices

HEAT VOLUMES (GWh)

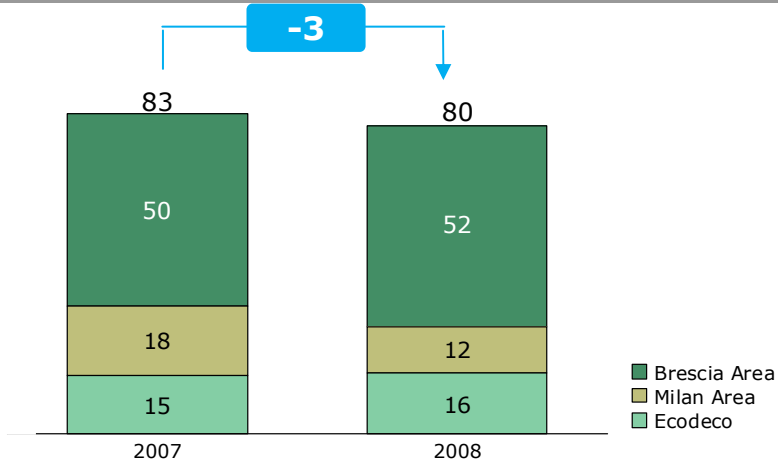


ELECTRICITY (GWh)



Q1 2006-2007 Results - Waste

EBITDA (€M)

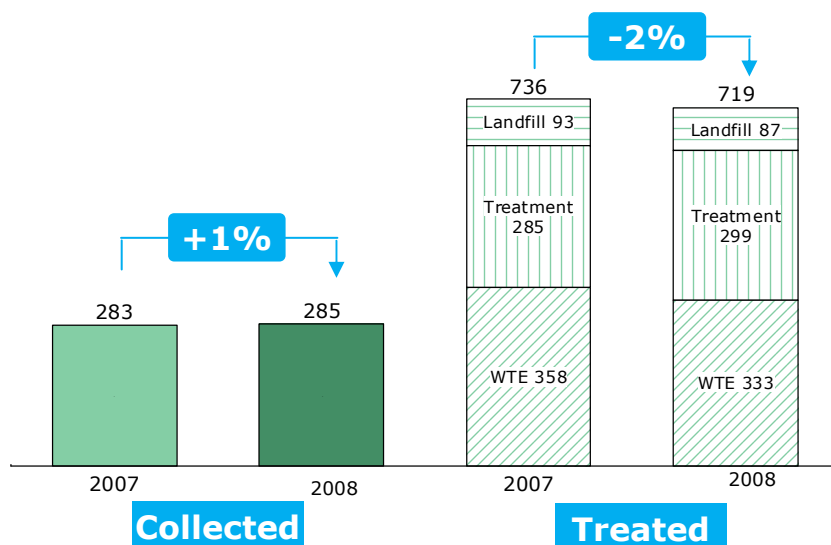


KEY FACTS

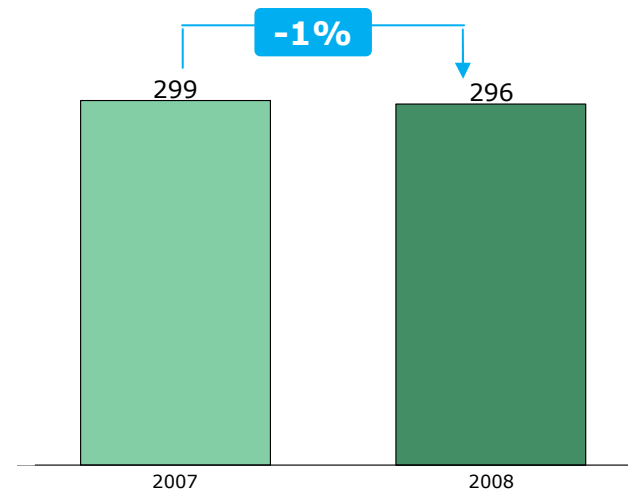
Waste:

- **Ecodeco**: positive performance of MSW* sector due to additional landfill capacity in Northern Italy and increasing sludge prices partially offset by negative impact of special waste (e.g. eternit volumes)
- **Brescia**: increase in electricity and heat production of WTE plant partially offset by lower volumes disposed in Montichiari landfill due to limited residual capacity
- **Milan**: lower margin due to scheduled plant stop for DENOX system installation, partially offset by positive impact of contract revision with the Municipality of Milan

WASTE VOLUMES (Kton)



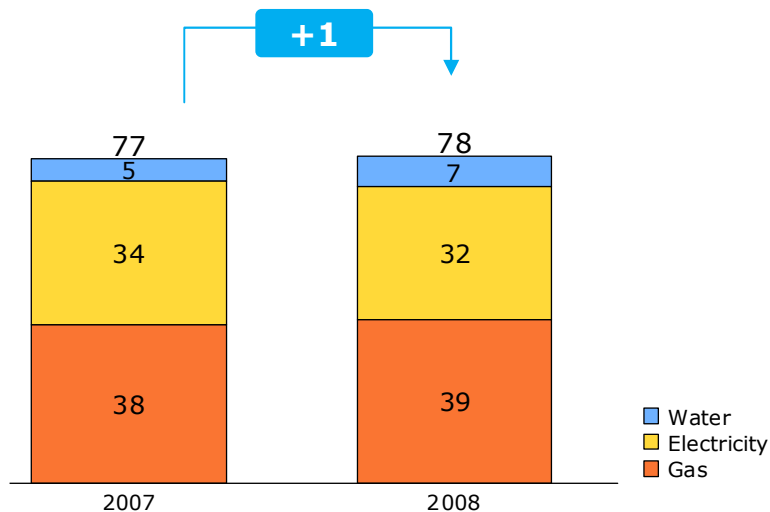
ELECTRICITY PRODUCTION (GWh)



*municipal solid waste

Q1 2006-2007 Results - Networks

EBITDA (€M)



KEY FACTS

✓ **Electricity: -2 €M**

Negative impact on EBITDA due to the application of deliberation n. 348/07

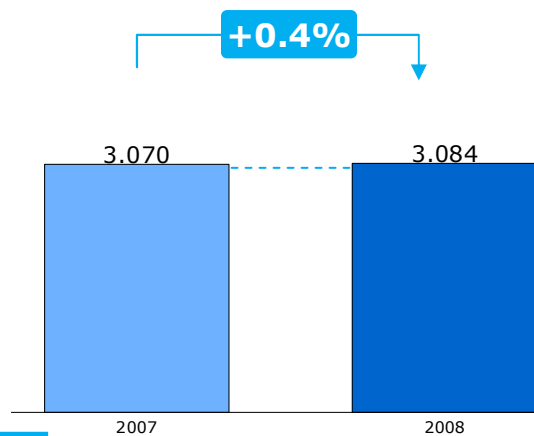
✓ **Gas: +1 €M**

Positive impact on EBITDA due to the increase in gas volumes compared to the same period of 2007, characterized by an exceptionally mild weather

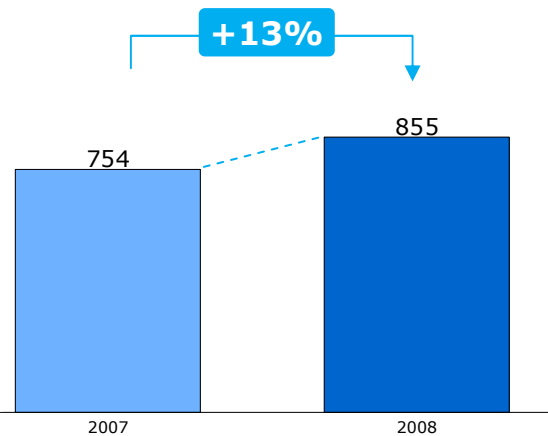
✓ **Water: +2 €M**

Increasing volumes. Tariff rise following ATO's decision

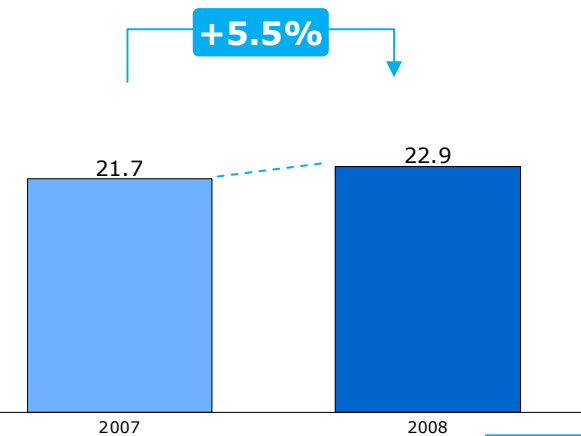
ELECTRICITY (GWh)



GAS DISTRIBUTED (Mcm)



WATER (Mcm)



Disclaimer

THESE SLIDES HAVE BEEN PREPARED BY THE COMPANY SOLELY FOR THE USE DURING THE CONFERENCE CALL ON Q1 2008 RESULTS.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN INDEPENDENTLY VERIFIED. NONE OF THE COMPANY OR REPRESENTATIVES SHALL HAVE ANY LIABILITY WHATSOEVER IN NEGLIGENCE OR OTHERWISE FOR ANY LOSS HOWSOEVER ARISING FROM ANY USE OF THESE SLIDES OR THEIR CONTENTS OR OTHERWISE ARISING IN CONNECTION WITH THESE SLIDES OR ANY MATERIAL DISCUSSED DURING THE ABOVE CONFERENCE.

THIS DOCUMENT IS BEING FURNISHED TO YOU SOLELY FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED OR REDISTRIBUTED TO ANY OTHER PERSON.

THE INFORMATION CONTAINED HEREIN AND OTHER MATERIAL DISCUSSED DURING THE CONFERENCE CALL ON Q1 2008 RESULTS MAY INCLUDE FORWARD-LOOKING STATEMENTS THAT ARE NOT HISTORICAL FACTS, INCLUDING STATEMENTS ABOUT THE COMPANY'S 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: TRENDS IN A2A'S CORE BUSINESSES, CHANGES IN THE REGULATORY ENVIRONMENT AND FUTURE CAPITAL EXPENDITURE.

PURSUANT TO ARTICLE, 154-BIS, PARAGRAPH 2, OF THE UNIFIED FINANCIAL ACT OF FEBRUARY 24, 1998, THE EXECUTIVE IN CHARGE OF PREPARING THE CORPORATE ACCOUNTING DOCUMENTS AT A2A, PAOLO RUNDEDU, DECLARES THAT THE ACCOUNTING INFORMATION CONTAINED HEREIN CORRESPOND TO DOCUMENT RESULTS, BOOKS AND ACCOUNTING RECORDS.